CANADIAN INVESTMENT OPPORTUNITIES FEATURED

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 189 Number 5832 New York 7, N. Y., Thursday, March 26, 1959 Price 50 Cents a Copy

EDITORIAL

As We See It

"Thou art beside thyself; much learning doth make thee mad." It was with these words that Festus addressed St. Paul after hearing the apostle's account of the way of salvation and how it was that he became an evangelist of it. An expression much more of the earthy was drawn from the learned Senator Douglas the other day by the credo of the equally learned Professor Slichter as outlined before a Congressional Committee.* The Senator from Illinois seemed to be "refreshed" by the spectacle of "sacred cows" being kicked lustily around. We do not claim to be an authority on sacred cows, and we certainly should not undertake a psychiatric diagnosis of a learned professor who clearly holds views which cause us to gasp and stare. We should, however, feel much more confident of the future of us all if many of our professors and politicians alike would keep their feet more firmly planted on terra firma particularly when they assume the role of leaders of popular thought on matters economic.

As to Professor Slichter, one finds it difficult to avoid the impression that he was hugely enjoying the kicks he was delivering to the "sacred cows." One sometimes wonders if he, as well as a good many others who talk in somewhat the same way, finds fault with many of the time tested principles of economics largely for the reason that most people believed in them or did believe in them until the rise of Franklin Roosevelt and his New Deal followers, or perhaps until John Maynard Keynes appeared upon the scene. Certainly,

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*For full text of Dr. Slichter's testimony see page 6.

Canada's Great Future

By A. C. ASHFORTH*

President, The Toronto-Dominion Bank
Toronto, Ontario

Leading Canadian banker assesses the questions raised in the issue of diversification and growth of domestically versus internationally oriented industries. He ticks-off the signposts of Canada's accomplishments which has made possible Canada's second highest standard of living in the world; voices optimism regarding the current economic outlook; and reviews the tremendous growth now occurring in the Western Provinces. Looking further ahead, the author foresees reversal in the decided setback for oil, and a great future for his country "if we take advantage of our opportunities."

The slowing down in our growth over the past two years has caused some people to wonder what was in store for the Canadian economy. I think there is little doubt about our firm beliefs in an expanding economy for the long term but, as one economist has said—in the long term we are dead, and most of us are preoccupied by the short term. We would have more reassurance about the short term if we made fewer comparisons of economic performance in 1957 and 1958 and took a longer look back to reflect upon the road we have traveled over the past 10 to 15 years. The fifties in Canada have been pretty heady times and they have generated a certain excitement of the present which makes us forget even the recent past.

A. C. Ashforth

The fact is that Canada has been transformed economically and industrially since 1945 and we should firmly fix in our minds the growth and diversification which has taken place since the war—for growth and diversification are the ingredients of further growth and

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*An address by Mr. Ashforth before the Canadian Petroleum Association, Calgary, Canada, March 9, 1959.

Canada Advances Toward New Economic Horizons

By DR. IRA U. COBLEIGH

Enterprise Economist

Containing some notes on the Canadian balance sheet for 1958 and outlining the expectations of a broadly resumed, if not spectacular, advance in Canadian commerce, industry, transportation and finance during the current year. High quality of Canadian stocks evidenced in tabulation showing companies and financial institutions which have paid cash dividends uninterruptedly for periods ranging from five to 130 years.

In a quite capsuled review of the Canadian economy in 1958 what stands out most are (1) the excellent export showing, (2) the sustained level of construction, (3) the new high in consumers purchasing, (4) the resilient bounce-back from recession and (5) the magnificent position and phenomenal strength of the Canadian dollar, despite a trade deficit. In a year of considerable business travail, Canada gave an excellent account of herself, built renewed world-wide confidence in Canadian institutions and markets, and wound up in possession of the elite currency in the world today.

Throughout the American Continent, 1958 was an uneven year. In common with the United States, Canada opened the annum with swollen inventories, surpluses in many categories, soggy metal prices, and rising unemployment. As the year wore on, however, it took on a brighter aspect. Inspiring to all was the work on, and completion of, the St. Lawrence Seaway, a national goal for decades; and the construction progress on the Trans-Canada pipeline, to bring trillions

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LONG-TERM CANADIAN CASH DIVIDEND PAYERS—An integral feature of the cover page article "Canada Advances Toward New Economic Horizons" are the tables showing Canadian listed common stocks on which consecutive cash dividends have been paid up to 130 years.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

CHARLES KING
Partner, Charles King & Co., New York City
Members: American Stock Exchange, Toronto Stock Exchange, Montreal Stock Exchange and Canadian Stock Exchange

Ford Motor Company of Canada Ltd.

In a year when operations of the major auto companies in the United States were at low levels, Ford of Canada for 1958 reported one of the best years in its history.

History & Operations

The company formed in 1904, has the manufacturing and selling rights for Ford passenger cars and trucks and spare parts in Canada, and practically all of the British Commonwealth, except the British Isles. This includes South Africa, Australia, New Zealand, Malaya and the United States of Indonesia.

Charles King

Vehicles made in Canada include Ford, Mercury, Edsel, Meteor and Monarch. The Lincoln Continental and Thunderbird cars are imported from Ford Motor Company, Dearborn, Michigan, and various other types of vehicles from Ford Company of England. These are distributed by approximately 1,000 dealers throughout Canada and 1,450 dealers abroad.

Farm Machinery

The Canadian Ford also distributes Ford and Fordson tractors and Ford and Dearborn farm equipment. Sales in Canada for 1958, in this division, jumped 27% over the previous years and 1959 is expected to be a better year. A new 10-speed tractor, recently introduced, has been described as the most significant development in farm tractors in 20 years.

Sales & Earnings

Consolidated sales for the year ended Dec. 31, 1958, were $462 million compared with $490 million for 1957. Despite lower sales volume, net income increased to $21,062,315 from $17,332,654. Per share earnings on the combined Class A & B stock equalled $12.70 versus $10.44. Lower manufacturing expenses and improved operating methods are said to account for the increase in net. Nineteen-fifty-eight was the first year that Canadian and overseas income accounts were consolidated. Previously only dividends from overseas subsidiaries were included. Dividends from this source in 1956 and 1957 approximated the full amount of net profits of such subsidiaries. Accumulated earned surplus of these subsidiaries at the end of 1958 amounted to $39,801,000 Canadian Funds, after dividend withdrawals by the parent company.

Consolidated unit sales of new passenger cars, trucks and tractors numbered 183,879 in 1958 compared with 199,395 in the previous year. Canadian sales of North American type passenger cars fell 16.4% but sales of imported British cars rose 73.1% over 1957. New car sales by overseas subsidiaries were 5% below 1957 but increased truck sales overseas partially offset reduced truck sales in Canada. Production of cars and trucks in Canada was 21% below 1957 but production in the final quarter of 1958 appreciably increased. Mr. Sale, the President, said that business for 1959 is expected to be relatively good and warrants reasonable confidence. The company's new 1959 models received wide public acceptance on their introduction in the fourth quarter of last year and there are strong indications that Ford may obtain a greater share of the auto market.

Management

Ford of Canada is controlled by Ford Motor Company (U. S.) which owns 56.1% of the Class B voting stock and 26.2% of the Class A non-voting. Notwithstanding this large parental interest, Ford of Canada is still the only auto company in Canada that is not a branch of an American or British Company. Its shares are traded on the Toronto, Montreal and American Stock Exchanges and the company publishes its own annual reports and maintains a certain independence of operations. To meet nationalistic pride, Ford of Canada turns out its own version of the U. S. Ford, called the Meteor and the Monarch, the latter being a modified version of the Mercury.

President Rhys Sale who joined the company in 1915 has been at the helm since 1950. Since that time consolidated sales volume has increased from $358 million to $463 million for 1958. Shareholders' equity increased from $67.45 to $123.38 a share. Net earnings including dividends from all subsidiaries have averaged $11.33 on the combined Class A & B shares for the nine-year period ended Dec. 31, 1958.

Reasons for this consistent earning record are attributed to the policy of operating a single-shift production in place of double shifts and lay-off schedules, and diversification of operating areas through overseas subsidiaries.

Capitalization

The company has no funded debt; the capitalization consists of 1,588,960 shares of non-voting Class A stock and 70,000 shares of voting Class B. The latter is convertible into Class A at any time share for share.

Dividends & Working Capital

Cash dividends have been paid regularly since 1933. The current rate of $5.00 per share was established in 1955, having been upped from $4.25 in 1954.

Since 1950 approximately 33½% of earnings have been paid out in dividends. The balance has been used to finance a major program of plant expansion. From the beginning of 1949 to the end of 1958 capital expenditures totalled over $106 million. Working capital declined sharply from 1951 through 1954 but has been built up since and the consolidated figure now stands at approximately $103 million, the highest in the history of the company. Now that the major part of the expansion program has been completed, an increase in the current dividend could reasonably be expected.

Conclusion

Despite the fact that net earnings are running near the highest level in the company's history the shares are selling well below the all-time high of 1955 when the Class A reached a level of 158 and the Class B 198. At current prices of 128 (U. S.) the Class A & B shares are selling at about 9 times earnings compared to 12 times in 1955, and 1959 is expected to be a better year than 1958.

Recently Ford Motor (U. S.) announced that Ford division output for the first quarter is running 37% over the first period of 1958. This improvement should carry over into operations of Ford of Canada whose future prospects look brighter than at anytime in its history.

With the current trend towards the splitting of high priced shares, Ford of Canada seems to be a logical candidate. The capitalization is small and the price-earning ratio is low. Also, from a Canadian standpoint a wider distribution of the shares among the smaller investor and potential car buyer would seem to be a constructive and timely step.

I believe the class A & B shares at current prices offer excellent possibilities for capital appreciation giving a yield in the meantime of approximately 4.10%.

This Week's Forum Participants and Their Selections

HERBERT L. SEEGER
Research Analyst
Bacon, Stevenson & Co.
Members: New York Stock Exchange and American Stock Exchange

Canadian Pacific Railway

With the price of subway rides and newspapers tripled and the cost of most raw materials double or triple the price once considered normal, the investor, in general, has become increasingly value conscious.

Herbert L. Seeger

$3,000 will buy a good automobile, or a boat, but it takes additional sums of money to maintain the investment in good shape and to provide the necessary insurance. One may invest $3,000 in land or improved real estate but money is again required for taxes and maintenance.

$3,000 can buy about 100 shares of stock in a business which transports all sorts of commodities and manufactured goods — owns millions of acres of land (oil and timber), produces lead and zinc at a low cost, and controls hotels, steamships, airlines, besides providing news, telegraph and express services. In this case no additional money is required.

Practically all this company's properties are located in Canada which could give some measure of protection if inflation in the U. S. A. gets out of control, which, of course, no one wishes.

$3,000 (or close to it) at this writing will purchase 100 shares of *Canadian Pacific*, common stock, listed on the New York Stock Exchange.

The shares are also listed in Toronto, Montreal, London, and traded in Boston, Philadelphia, and most other regional U. S. Exchanges. At the end of 1957, 34.92% of the outstanding Canadian Pacific, common shares, were owned by U. S. Investors, 28.21% by U. K. and other British possession, and 24.49% by Canadians. There are 14,066,271 Ca-

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Wanted: An Economic Breakthrough

By HENRY FORD, II*

President, Ford Motor Co., Dearborn, Mich.

Industrialist prefers rapidly expanded economic base to austerity and predicts a "new productive explosion" in our economy can occur if labor is relieved of monopoly power so it can meet management on a basis of real power equality. This, it is held, would help solve our pressing domestic problems and put an end to Khrushchev's serious threat of world economic competition. After depicting a wrong "crisis-minded," totalitarian approach, Mr. Ford prescribes an action program to foster increased productivity, increased investment, greater consumption, and high and stable employment and income. He also decries business negativism, and seeks men with broad vision and a sense of social justice to break through the barriers hindering our growth.

When we consider what we as a people want out of life, the kind of world we would like for our children, most of us would come up with substantially the same answers.


Henry Ford, II

Most of us would agree that we want a society that offers the greatest possible opportunity for freedom and for individual growth and self-fulfillment. Samuel Gompers had a simpler way of putting it when he said that what labor wanted was "More." He might have said, "More and better." In purely material terms, we all want more and better — more income, more security, more independence, more freedom, more and better education, better medical care, more leisure to do the things we want to do. As a nation, we have vast unfulfilled social needs. A substantial number of American families still do not earn enough to support a decent American standard of living. Millions are still crowded into big city slums. Our whole educational system falls far too short both in quality and quantity of the attainable ideal for a society of such resources. Our facilities for caring for the aged, for the mentally ill, and for combating crime and juvenile delinquency are inadequate.

The Bland Leading the Bland

I'm sure that most of us also are concerned with those peculiarly difficult moral and spiritual problems that arise in an economy of plenty. We are concerned about the human consequences of bigness in government, industry and labor, of the impact of mass communications on our cultural life, and the effects of increasingly scientific organization of people for economic purposes—the total effect which has been described as the society of "the bland leading the bland."

I'm sure we are all deeply concerned with the problem of peace and the exceedingly difficult questions posed by the new communist economic cold war.

As you know, Mr. Khrushchev has lately taken to predicting the ultimate triumph of his system through economic conquest. There will be no war, he says, because communism will bury us in the competition between its system and ours.

This is no empty threat. We can no longer hide behind the comforting thought that communism is inherently unworkable as an economic system. We have been sharply challenged in basic science and industrial technology. We see evidence of swift growth in both the Soviet Union and Red China—growth under forced draft, admittedly, and at a terrible human cost—but growth that nevertheless must be impressive to people in nearby underdeveloped areas.

Quite apparently Mr. Khrushchev thinks it is only a matter of time until the resources of most of Asia and Africa fall to communist hands. If the communist sphere, through the forced development of vast raw material and manpower resources, can flood the world markets with low-priced goods, it could isolate America and Western Europe politically and economically, and at the very least reduce the free world to relative impotence.

And today many intelligent observers are predicting that, if present trends continue, the balance of world power may shift radically to Asia, within the lifetime of this audience. They suggest that, certainly within the lifetime of our children, we could be surpassed in economic power by both China and the Soviet Union.

I don't mean to suggest that our future survival depends on matching either Russia or Red China or both in the rate of productive growth in the near future. One reason they are moving ahead so fast is that they have so much farther to go than we. For us to carry on an all-out economic race, comparable to the arms race, would be foolish. And it is quite possible, furthermore, that if these countries reached their goals, the result would be a great lessening of world tensions and a substantial watering down of Marxist dogma.

Nor would I suggest that we can solve all our domestic social prob-

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*An address by Mr. Ford at Yale University, New Haven, Conn.

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CANADIAN INVESTMENT OPPORTUNITIES

Article starting on the cover page, "CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS," discusses the investment opportunities inherent in Canadian securities and, by way of documenting the views presented, includes a tabulation of the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 130 years (Table I, page 23) and from 5 to 10 years (Table II, page 30), along with other data of interest to investors.

ARTICLES ON CANADA IN THIS ISSUE

Regular Features

Published Twice Weekly

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers

25 Park Place, New York 7, N. Y.

REctor 2-9570 to 9576

GEORGE J. MORRISSEY, Editor

WILLIAM DANA SEIBERT, President

Thursday, March 26, 1959

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942 at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S Possessions, Territories and Members of Pan-American Union, $65.00 per year, in Dominion of Canada, $68.00 per year Other Countries, $72.00 per year.

Other Publications

Bank and Quotation Record — Monthly $45.00 per year. (Foreign Postage extra.

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Observations . . .

By A. WILFRED MAY

ANOTHER DANGER SIGNAL?

The short interest on the New York Stock Exchange, as reported for the month ended March 13, showing a decrease of about 8%, constituted its third straight monthly decline, and now stands 38% below the July 15, 1958 total. Such embracing of the foible that the higher the market, the more bullish (less bearish) by even the professional speculator, conforms with past experience. Apart from the usefulness of these data as a tool indicating weakness in the market's technical position, this renewed exhibition of the foible of "the higher the cheaper" is highly significant as a psychological, but none-the-less practical warning.

A. Wilfred May

Consistent with the shorts' habitual increase in bullishness as prices rise, is the behavior of the discount-below-asset value at which the closed-end investment companies sell on the market. Logic would dictate an increase in the discount as prices work higher and riskier, but now again the opposite has transpired. When the D-J was in the 400-500 range, most of these portfolios were available at substantial discounts. But now at the 600-level, the discounts instead of being larger, have practically all disappeared.

* * *

ON THE COMMON STOCK ROAD

This week's decision (five-to-four) of the Supreme Court holding that variable annuity insurance contracts are subject to regulation by the Securities and Exchange Commission, furthers the concentration of the Commission's activities into the investment company area. The basis for the ultimate ruling is that the variable annuity device under which payments to policyholders fluctuate along with the changing market values of the securities on which they are based, does not at all comprise insurance, essentially in no way differing from what is offered by the funds. And, in any event, the *variable* agitation constitutes another of the important manifestations of the broadening interest (craze for) common stocks to the exclusion of fixed income.

The Supreme Court's decision raises the essential question of the future of the variable annuity movement. The SEC's present position as disclosed by a spokesman is that the first step now is up to the insurance companies in deciding whether they will operate under the rules as prescribed under the existing statutes, or whether they will seek exemptions or amendments. The interested companies, for their part, feel that their going ahead will depend on the degree of accommodation which the Commission demonstrates. "We have every confidence that the SEC will make it livable," is the comment on dual regulation made to this writer by Jerome A. Newman, Chairman of the Government Employees Insurance Company, which casualty company has pending an affiliation for the express purpose of selling variable contracts. (The market price of Government employee's stock has remained practically unchanged at its sharply advanced level, since Monday's Court decision.)

While full cooperation by the SEC is to be assumed, some problems involved in dual regulation may prove nettlesome. For example, there is the possible conflict with the state bodies regulating insurance. While the SEC's harmonious operations with the state securities commissions is pointed out as evidencing the practicability of the dual system, the anology runs off the track in that both the *securities* regulators are merely concerned with disclosure, whereas the state *insurance* commissions include supervision of investment policies to guard the interests of the investor-policy holders. And will there be within-state dissension over supervisory control between the insurance and securities bodies?

No doubt the difficulties will be resolved in the course of time, with the way gradually facilitated for this addition to the increasing mechanisms for distributing common stocks.

* * *

GETTING AFTER THE ADVISERS

The SEC's new lease on life extends to its currently pending proposals to amend the Federal Securities Laws bearing on the investment company and the investment adviser. With the funds the most important treatment is concerned with tightening up the Commission's enforcement powers; particularly in its injunctive activities (as in giving it the privilege of taking into account past as well as present matters).

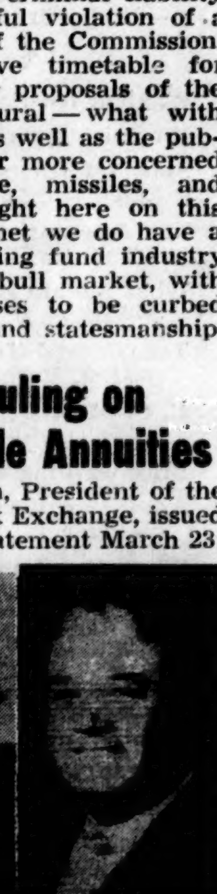
Otherwise the most important reform suggestions are concerned with amending the Investment Advisers Act of 1940. The Commission maintains that its administration of the Act since 1940 reveals that it is inadequate in many respects and does not afford the necessary protection to clients of investment advisers and other members of the investing public. The Commission now has no authority to inspect the books and records of advisers, and cannot require them to maintain books and records. It claims it has no adequate means of determining whether they are engaging in fraudulent or deceptive practices in connection with their business.

The Commission's pending proposals would (1) expand the basis for disqualification of an applicant for registration or a registrant because of misconduct; (2) revise the provisions relating to the postponement of effectiveness and the withdrawal of applications for registration; (3) authorize the Commission to require the keeping of books and records and the filing of reports; (4) permit the periodic examinations of books; (5) empower the Commission by rule to define and prescribe means reasonably designed to prevent fraudulent practices; and (6) extend criminal liability to include willful violation of a rule or order of the Commission.

The legislative timetable for these and other proposals of the SEC is conjectural — what with the Congress', as well as the public's, interest far more concerned with air space, missiles, and Nikita. But right here on this part of our planet we do have a very real booming fund industry midst a raging bull market, with potential excesses to be curbed with alertness and statesmanship.

Approve Ruling on Variable Annuities

Keith Funston, President of the New York Stock Exchange, issued the following statement March 23:



G. Keith Funston E. T. McCormick

"We are certainly pleased that the United States Supreme Court decision today affirms the New York Stock Exchange's conviction that variable annuities are securities.

"We think that the public interest will be served by this decision."

Edward T. McCormick, President of the American Stock Exchange, also declared: "I am pleased indeed with the decision of the Supreme Court holding that certificates representing variable annuities are securities subject to the jurisdiction of the Federal Securities and Exchange Commission. I have testified in favor of this position before the Senate of the State of New Jersey and as a witness for the SEC before the Federal District Court in the District of Columbia."

Form McClung & Co.

DALLAS, Tex.—Elliott McClung and Rufus A. McClung have formed McClung Company, with offices in the Cotton Exchange Building, to engage in a securities business.

Joins Central States

(Special to THE FINANCIAL CHRONICLE)

MANSFIELD, Ohio — Harold Bur has become connected with Central States Investment Co., Walpark Building.

Slayton Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Harold A. Rothschild has become affiliated with Slayton & Company, Inc., 408 Olive Street.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

"If business investment plans are revised upward, production and employment could approach capacity levels during the next year. Such a development would be in line with experience in past recovery periods." So says the current issue of "Business in Brief," published by The Chase Manhattan Bank.

Up to now, the missing ingredient for expansion in general business activity later in the year has been a strong revival in business investment in new plant and equipment, the bank periodical explains. However, it seems possible that such an upturn in investment may get underway during the second half.

Capital spending has remained close to its recession lows, and inventory liquidation continued through most of 1958. Only in recent weeks have there been signs that accumulation of inventories is being resumed on any scale. "Thus," "Business in Brief" points out, "corporations have found themselves with limited needs for additional money at the same time that their internal sources of funds were rising."

This increase in liquidity is expected to be a major factor in stimulating increased caiptal spending as the year progresses, the bank survey indicates. The review then continues: "Over the final six months of 1958, corporations raised roughly \$3½ billion in the bond and stock markets, 20% less than during the first half of the year. More recently, corporate bond offerings have been running at less than 50% of year-ago levels.

"Business demands for bank loans have also been sluggish during recent months, helping to limit the rise in total bank credit. After an increase of roughly seasonal proportions during the final months of 1958, business loans of weekly reporting banks dropped by \$1,119 million during the first eight weeks of 1959. Only in the recession period of 1958 did such loans decline more sharply at the start of a year."

"Business in Brief" concludes, "Meeting the credit needs of an expanding economy will present difficult problems. But these problems are not insoluble. The financial system in the past has repeatedly demonstrated its ability to generate a large volume of savings at high levels of income and employment. The recent performance of the market has helped to allay concern on that score once again. Moreover, a moderate further increase in the money supply, roughly in line with the growth in productive activity, need not lay the basis for inflation."

Nationwide Bank Clearings Up 2.6%

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 21, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 2.6% above those of the corresponding week last year. Our preliminary totals stand at \$26,451,590,668 against \$25,783,764,434 for the same week in 1958. At this center there is a loss for the week ending March 20 of 1.3%. Our comparative summary at the principal money centers was as follows:

Week Ended March 21	1959	1958	%
New York	\$14,096,285,374	\$14,277,573,138	— 1.3
Chicago	1,306,133,570	1,148,815,881	+13.7
Philadelphia	1,230,000,000	1,039,000,000	+18.4
Boston	807,309,940	736,973,606	+ 9.5

Industrial Production Index Up 1% in February

The Federal Reserve Board's seasonally adjusted index of industrial production rose one point in February to 144% of the 1947-49 average, one point below the prerecession level in August, 1957, and two points below the record high of February, 1957.

A gain in durable goods production in February was marked by a sharp advance in output of primary metals. The expansion in buying reflects substantial liquidation of inventories during 1958 and protection against possible work stoppages later this year as well as increased consumption of these materials. Steel production increased 14% to 85% of capacity. In the second week of March, output was scheduled at 92%, a record high in tonnage terms. Aluminum production was at a new high in February and copper smelting and refining remained at advanced levels. Activity in business equipment lines increased further as truck production continued to rise and output of farm machinery recovered following settlement of a major work stoppage. Production of household durable goods changed little at near record rates. Auto assemblies declined further, owing mainly to glass shortages, but schedules for March indicate a recovery.

Production of nondurable goods continued to expand in

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Virginia Electric and Power Co.

By Dr. IRA U. COBLEIGH
Enterprise Economist

A salute to one of America's most distinguished public service enterprises on the occasion of its Fiftieth Anniversary.

Today's report is the by-product of an interesting trip to Richmond, Va., where your correspondent was a panelist on W X E X-T V. The program was entitled "Stocks, Bonds and Inflation." Our four man panel concluded that inflation is a boon to debtors and speculators; a moth-and-the-flame type of boom to commerce and industry; but a long range bane to the welfare of our citizens, the strength of economy and our Government; and a threat to the continued soundness of, and international confidence in, our dollar.


Ira U. Cobleigh

Richmond is a beautiful and progressive city, illuminated by hospitable Southern sunshine by day, and by Virginia Electric and Power Co. by night. Not only in Richmond, but in a total of 22 cities, and in dozens of smaller towns and communities VEPCO supplies 721,000 residential, commercial and industrial customers with electric service, in an area embracing 32,000 square miles in Virginia, North Carolina and West Virginia. To serve this clientele, VEPCO has 22 electric generating plants with present total installed capacity of 1,738,000 kilowatts; and additional units, scheduled for completion in 1960, which will boost total capacity to 2,200,000 kw. Further, there is the Carolines Virginia Nuclear Power Associates, organized and owned by VEPCO and three other large Southern utilities, which plans completion by 1962 of an atomic energy generating plant at Parr Shoals, South Carolina.

While far less extensive in its service, the Gas Department is moving rapidly ahead serving, at the end of 1958, 94,000 customers, 40,000 of whom used gas for home heating. Gas revenues for 1958 were a little over $11 million, or about 8% of total gross revenue.

In 50 years Virginia Electric and Power Co. has come a long way. Actually, 235 separate companies comprise the corporate ancestry of VEPCO, beginning with Appamattox Trustees, a company initiated by George Washington and James Madison to improve and lengthen navigation on the Appamattox River. In common with many other electric utilities throughout the country, the big early power demand for VEPCO was to run the trolleys. Richmond began, in 1888, the first successful overhead electric trolley line; and until 1925, the street car named Expire was VEPCO's major customer.

Since then the company has expanded rapidly, broadly, and with a nice balance of load demand among residential, industrial, commercial and rural agricultural customers. VEPCO has developed perhaps the best public relations techniques in the business. Company officials and employees take an active part in all community activities including Community Chest and Red Cross drives. VEPCO has attracted industry by stressing its geographic advantages at the "Top of the South." It has promoted agricultural demand by its slogan "Farm Better Electrically." It has conducted hundreds of demonstrations for 4-H Clubs and sponsored Vocational Agriculture classes. VEPCO has worked hard on the Medallion Home program—a nationwide activity of the electric industry to promote better wiring, lighting and appliance use in homes; and a home displaying a Medallion Award has qualified in respect to the excellence (and safety) of its total electric installations.

All of these progressive sales approaches have paid off for VEPCO at the cash register. For example, average annual residential use, in kilowatt-hours, for 1958 was 3,627, 8% above the national average. Average annual revenue per residential customer in 1958 was $91.38, up from $87.40 in the preceding year. And in these days of inflation VEPCO residential customers pay an average rate of only 2½ cents for each kilowatt-hour against 2.9 cents for the same unit ten years ago. This rate reduction, in a period of generally rising costs, is a substantial tribute to operating efficiency of Virginia Electric and Power.

Last year was a quite dreary one for many corporations but the recession was scarcely noticeable in the operating results at VEPCO. Operating revenues attained an all-time high of $139,660,000, 8% above 1957. This same 8% increase carried right over into net, with balance for common stock and surplus totaling $23,537,000; and per share net $1.66, up 13c over 1958—and again 8% higher!

If 1958 was a recession year, VEPCO took no note of it in planning for future expansion. Its construction expenditures last year were a shade over $63 million, the largest outlay ever.

In common with all dynamically growing utilities VEPCO has a steady demand for capital funds for plant and service expansion. Some of this money comes from retained earnings, but a substantial amount must come from publicly issued securities. In 1958 VEPCO sold $25 million of first mortgage bonds. This year the company will expend $53 million on construction. To finance this, in part, a plan has been approved to offer 710,000 additional shares of common stock to present holders of same, in the ratio of one new share for each 20 shares now held. In view of the excellent growth in earning power and rising dividend payments of VEPCO common over the years, stockholders will presumably be eager to subscribe to this new issue. The company now has 37,000 shareholders who own its common and preferred stocks. Thirteen thousand of these (or 35% of stockholders) live in the three state service area and, presumably, a high percentage of these are customers.

In a company that has moved ahead so continuously and majestically, considerable credit must be given to the competence and loyalty of employees. At the 1958 year-end there were 5,046 active employees. More than half of these had had 10 or more years of active service; 1,009 of them more than 20 years; and the average length of service was 12 years. Not only does this bespeak a dependable on-the-job personnel, but indicates that conditions of employment, salary scales and retirement benefits must be creating a climate of employee contentment and serenity.

Virginia Electric and Power shows up impressively when viewed from the standpoint of operating efficiency. Coal fueled steam generating stations are the main source of electric power production; and in 1958 it took only 78 pounds of coal to produce a kilowatt-hour against 1.15 pounds in 1945. Further, in 1958, VEPCO obtained some reduction in the average cost of its coal. This was achieved by railroad freight rate reductions, and elimination of the 4c per ton Federal Transportation Tax. As a result VEPCO bought its coal 43c a ton cheaper — at $9.17 per ton in 1958.

Virginia Electric and Power Co. is a vast utility enterprise with two-thirds of a billion dollars in assets. It enjoys a fine name and great prestige in its tri-state service area, and its securities have long been favorites among both institutional and individual investors. The 14,200,000 shares of common are listed on the NYSE and now sell at 39 with an indicated dividend of $1.10. While the current yield of a little less than 3% may seem a bit low, it must be remembered that the history of VEPCO common is replete with dividend increases; there have been stock splits; and an attractive subscription offer to buy new shares below the market is now in the offing.

Management under the guidance of Mr. Alfred H. McDowell, Jr., President, is highly competent and widely respected; and on this Fiftieth Anniversary of Virginia Electric and Power Co., stockholders, present and prospective, should appreciate that VEPCO common is an equity of sustained quality, and a becoming asset in anyone's safe-deposit box.

Willis H. Durst

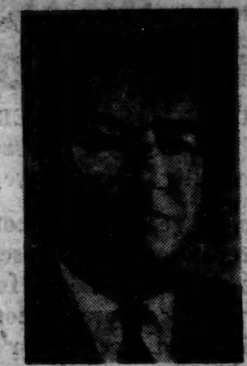
Willis H. Durst, Vice-President of Wagenseller & Durst, Inc., Los Angeles, passed away suddenly March 18th at the age of 66. Mr. Durst, who had been in the investment business for many years, was also President of the Wagenseller and Durst Securities Corporation and held directorships in many Pacific Coast firms.

Form Citizens Estate

Citizens Estate Building Corporation has been formed with offices at 116 Nassau Street, New York City, to engage in a securities business. Officers are George J. Chipouras, President, and Sasson E. Kashi, Vice-President, Secretary and Treasurer.

Three First Boston V.-Ps. Named Directors


Dennis H. McCarthy


Norman L. Macy


Paul L. Miller

Norman L. Macy, Paul L. Miller and Dennis H. McCarthy, Vice-Presidents of The First Boston Corporation, 15 Broad Street, New York City, were elected to the board of directors at the annual meeting of stockholders.

Mr. Macy, who is in charge of the corporation's U. S. Government Securities Department in New York, joined the corporation in Boston in 1927 and in 1929 was transferred to New York. He was elected a Vice-President in 1945.

Mr. Miller, a member of First Boston's Underwriting Department, joined the corporation in its New York office in 1946. He was elected a Vice-President in 1955.

Mr. McCarthy joined First Boston in San Francisco in 1931 and in 1948 was named Vice-President and Pacific Coast Manager with headquarters in San Francisco. He is a past President of both the San Francisco Bond Club and the Municipal Bond Club. He also served as Chairman of the California Group, Investment Bankers Association of America for the 1956-57 term, and is a past member of the National Board of Governors of the IBA.

$200 Million Bonds of N. Y. Power Authority To Be Marketed

Dillon, Read & Co. Inc., Halsey, Stuart & Co. Inc., Kuhn, Loeb & Co. and W. H. Morton & Co. Inc., joint managers of an underwriting group, announced today (March 25) that negotiations are under way with the Power Authority of the State of New York for the sale of approximately $200,000,000 general revenue bonds, series F, looking to a public offering on or about April 21, 1959. It is expected that the offering will consist of term bonds due in the year 2006 and serial bonds in proportions which have not as yet been determined. This will be the last bond financing by the Authority for the balance of this year.

The bonds will be tax exempt as to interest from Federal income taxes and New York State income tax, and will be legal investments under New York for insurance companies, banks and trust companies, savings banks and certain trust funds.

Stanley W. Widrick Opens

(Special to The Financial Chronicle)

LONG BEACH, Calif.—Stanley W. Widrick has opened offices in the Farmers & Merchants Building to engage in a securities business. He was formerly with Dempsey-Tegeler & Co.

Slow Inflation: An Inescapable Cost of Maximum Growth Rate

By SUMNER H. SLICHTER*
Lamont University Professor
Harvard University, Cambridge, Mass.

In analyzing the problem of reconciling economic growth and stability, the impact, prevention and consequences of rising prices, Professor Slichter blames labor for price inflation. He recommends using increased foreign competition and the late Joseph Scanlon plan to thwart labor's inflationary demands. The economist also recommends several billion dollar deficit financing in 1960's fiscal cash budget, easing of Fed's credit restraint, and modest, but widespread, wage increase, as short-run measures to help increase consumer expenditures, ease currently persistent unemployment and provide growth needed to help the economy meet the growing claims on its product. Though appalled by tendency for our desire for goods to cause money incomes to outrun physical increase in production, the writer notes, however, that creeping inflation need not: price our goods out of foreign markets, or lead to galloping inflation. In fact, he avers, inflation encourages investments, prevent rising labor costs from destroying investment opportunities, and investments determine savings.

I

Introduction

My remarks will fall into five parts. In the first place, I wish to point out briefly why economic growth is needed. In the second place, I wish to discuss the problem of achieving growth, distinguishing the short-run problem from the long-run problem. In the third place, I wish to discuss the impact of economic growth on the price level. In the fourth place, I wish to discuss the possibility of reducing the impact of growth on prices. Finally, I wish to discuss briefly some consequences of creeping inflation.

Sumner H. Slichter

II

Why Growth Is Needed

Economic growth is needed (1) because the United States, though the richest country in the world, has many millions of famililties that must live very modestly; (2) because man is an aspiring being who is constantly raising and broadening the goals for which he strives; (3) because growth means opportunity for individuals, and absence of growth means less opportunity; and (4) because we live in a deeply disturbed and competitive world in which our security demands that we be strong.

(1) Millions of families must live modestly. The survey of consumer finances of last year showed that one-fifth of the spending units (groups of related persons living together who pool their incomes) had incomes of less than $1,890 before taxes, and three-fifths had incomes of less than $5,139 before taxes.[1] Only one out of five spending units had incomes of $7,910 or more. It is not difficult for a family to spend $7,000 a year, or even $10,000. No luxurious living is required. Hence, though America may be well off in comparison with other countries, the vast majority of American families must live quite simply.

(2) Man is an aspiring being. Human desires are not static. They are constantly growing. Modern man has many wants that primitive man could not dream of having. Wants are related to the chance of satisfying them. Men, as a rule, do not work up strong desires for things that are far beyond their means. But most people have in mind various things that they hope soon to be able to afford — a trip, a movie camera, more tools for the home workshops, a motor boat, a swimming pool, an encyclopedia, or a vast variety of other things. The survey of consumer finances shows that families in the top fifth of income recipients spent over six times as much on durable consumer goods in 1957 as families in the bottom fifth.[2] A rise in production and incomes would mean an enormous increase in demand for durable consumer goods.

The strong desire for more goods causes money incomes to outrun the physical increase in production. Between 1954 and 1957, for example, the physical volume of production, expressed in 1954 dollars, increased by $43.9 billion. But in the same period labor income, largely as the result of wage advances, increased $44.6 billion, or a little more than the volume of physical production at 1954 prices, and total personal incomes increased by $58.1 billion, or considerably more than total physical production. Thus, men's desire to live better is causing men to increase their claims on the output of the economy faster than the economy has been raising its output. Growth is needed to help the economy meet the growing claims on its product.

The strong desire of the people for more goods affects the government's finances because it subjects the government to strong pressures for new and larger outlays and subsidies and at the same time stiffens the opposition of the people to tax increases. Between the fiscal year 1955 and the present fiscal year, there was an increase of $1.76 in Federal expenditures for every gain of a dollar in cash receipts. This means that the government during the last four years has been increasing its spending almost twice as fast as it has been increasing its revenues. Less than one-fourth of the rise in spending was for national security, and yet in this period the United States fell behind the Russians in military strength. The government badly needs a faster rate of growth in the economy in order to give it larger incomes to tax.

(3) Growth means opportunity. Between 1930 and 1940, the country had a deep and prolonged depression. As a result, the country had 1.2% fewer skilled male craftsmen in 1940 than in 1930. The next decade from 1940 to 1950 was the period of the war and the postwar boom, and the number of skilled male craftsmen increased by 33.4%. Other parts of the labor force were similarly affected. In the depressed decade of the thirties, the number of male professional workers and technicians increased by 24.2%, but in the prosperous decade of the forties professional and technical workers increased by 35.4%. The rate of growth determines the rate at which men rise out of the class of common laborer. The number of common laborers in the country has been diminishing for over 40 years, but the rate of decrease has varied. In the depressed decade of the thirties the number of male common laborers dropped by only 9.1% in the prosperous decade of the forties the number dropped by 27.3%.

The Unemployed Young People

The unemployment that accompanies a period of slow growth or recession tends to be concentrated among the young people who are seeking to start their careers. Hence, unemployment is concentrated where it is particularly harmful in limiting opportunity. In January, 1959, the average unemployment rate for the male labor force as a whole was 7.2%, but among boys of 16 to 17 years of age it was 18.6%; among boys of 18 to 19 years of age, 17.7%; and among young men 20 to 24 years of age it was 12.6%.

The unemployment rate among young people is always high (partly because they have not acquired skills), but it is less high in good years when the total unemployment rate is low. This fact is shown in Table I comparing unemployment rates among young males in several recent Januarys.

(4) The disturbed state of the world and the great cultural conflict between the free world and Russia makes it important that the economic growth of the United States be rapid. The extent to which the state of the world makes demands that the economy of the United States increase its output depends upon the nature of our foreign policy. The demands on our economy can be either enormous or relatively modest.

Some people apparently expect the United States to be strong enough to practice "brinkmanship" for the purpose of stopping Russian encroachments in Europe or the Near East. This conception of American policy seems to be widely held both in the United States and abroad by persons who have not thought through its implications. Such a policy would require enormous increases in military spending because the United States is already inferior in military strength to Russia. No democracy can compete with the Russian dictatorship in building military might for the simple reason that no democracy would tolerate the crushing tax rates that would be necessary to divert into military production a large enough proportion of the nation's resources to match the Russian effort. Furthermore, even when the United States was stronger than Russia, this country was unwilling to risk war over Europe or the Near East. Hence, attempts

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TABLE I

	January 1956	1957	1958	1959
All males	4.3%	4.5%	7.0%	7.2%
Males 16-17 years of age	11.8	15.5	13.9	18.6
Males 18-19 years of age	12.0	13.8	20.3	17.7
Males 20-24 years of age	7.7	7.6	14.2	12.6

*A statement by Dr. Slichter before the Joint Committee of the Economic Report, Washington, D. C., March 20, 1959.

1 *Federal Reserve Bulletin*, July 1958, p. 761.

2 *Federal Reserve Bulletin*, July, 1958, p. 763.

The Alternative to Inflation To Expand Economic Growth

By THOMAS B. McCABE*
President, Scott Paper Company, Chester, Pa.
Former Chairman, Board of Governors, Federal Reserve System

Without having had the benefit of reading Dr. Sumner Slichter's latest thesis in defense of creeping inflation, an important principal in the restoration of our central bank's independence, denies inflationary means are needed to foster economic growth. Mr. McCabe points out we have had increases in governmental outlays in excess of 5%, particularly non-defense outlays, and that Federal spending alone conducive to growth has increased five-fold since 1950 and close to three-fold since 1955. Though similarly desirous of economic growth, the ex-central bank head discusses limitations governing the use of public spending and deficits; states real growth comes from increased production—not income; explains why inflation is no prescription for growth; and presents a nine-point alternative plan to inflation capable of fostering real growth.

The question of sound money has been historically a widely-debated subject. Well do I recall the stir that William Jennings Bryan made in my boyhood days with his silver standard and the resulting fear of the people about soft money. Our country's financial history records innumerable events in our struggle to preserve and maintain public faith in the dollar and in government credit. Unfortunately, people are not always well informed and sometimes become confused by the intricacies of fiscal and monetary problems. Even members of Congress may not have had the basic questions clearly presented to them. Only a small percentage of the public understood the real issues—when the Federal Reserve was fighting to regain its independence—and did so—in the accord of March, 1951. High praise is due Senator Douglas of Illinois for his statesmanlike defense of the Federal Reserve during that epoch-making struggle between the Federal Reserve and the Treasury.

Thomas B. McCabe

Fortunately, we have in Washington today exceptional men as Secretary of the Treasury and as Chairman of the Federal Reserve Board. Both Bob Anderson and Bill Martin are outstanding and dedicated public servants. I have implicit faith in them and believe that they and the personnel of the Federal Reserve and the Treasury can be fully relied on to make sound policies effective in all areas of fiscal and monetary management. Both the Federal Reserve and the Treasury have joined the President in a firm stand in support of a balanced budget. They deserve our support. However, the final decision on the budget will be made by the Congress. It has the responsibility for appropriating funds and establishing tax rates. Also in the last analysis it is the Congress which must support and maintain the independence of the Federal Reserve in the performance of its important functions. Members of Congress, as you know, are closely attuned to the wants and desires of their constituents. If they were not, they could not remain in office. To help them make their decisions we should bestir ourselves and let them know what we think about a balanced budget, the dangers of inflation and the necessity to maintain the independence of the Federal Reserve. Strong forces are once more being exerted to subject the activities of the Federal Reserve to certain limitations and controls so that we may have lower interest rates and greater expansion of money and credit.

There is no segment of the public better informed on the questions of debt management and inflation than investment bankers. Their wide experience in the securities market and strong convictions about sound public financing can present convincing facts to Congressmen and Senators. Investment bankers can be very influential in developing a vocal and constructive public opinion. Their business and the welfare of clients are often importantly affected by the slightest moves in debt management or monetary control.

I hope to give here some pertinent facts regarding the budget and the inflationary effects of budget excesses and hope they will help to make a constructive presentation in support of a balanced budget.

History rarely shows instances of recognizing the importance of a battle, such as Waterloo, when it is fought. Great conflicts of public policy, like the Bryan campaigns, or the Federal Reserve battle to which I have referred, rarely present themselves at the time neatly ticketed for what they are. There is grave danger that the current controversy over the Federal budget may not be recognized as a major issue of serious importance to this country. The decision whether to balance the budget of the United States in fiscal 1960 is a *financial crossroad.* Right here and now a battle is being fought that will be of far-reaching consequence to all of us. Yet, that battle is taking place with little public appreciation of the problems involved. I should like, if I can, to do something here to correct that situation. In the course of my comments I will be drawing upon the stores of information and the policy positions worked out by two economic research organizations in which I am glad to have had an active role: The Committee for Economic Development and the Rockefeller Brothers Special Studies Project. I was Chairman of the panel on Economic and Social Problems which drew up what has become known as The Rockefeller Report. I have long been a member of the CED's Research and Policy Committee which in the last two years has completed several fundamental studies on national economic policy. They are sponsoring with a grant from the Ford Foundation a monetary commission to make a long-range and basic study of our country's fiscal credit and monetary problems. Many of the eminent trustees of CED and the panelists who participated in the Rockefeller Report came from the

*An address by Mr. McCabe before the Central States Investment Bankers Convention, Chicago, Ill., March 18, 1959.

Midwest region. Most of them, I am sure, are well known.

Poses Today's Vital Issues

The vital issues before us today are, as I see them:

(1) Can we be satisfied with our historic 3 to 4% annual rate of economic growth?

(2) What is to be the role of Government in economic growth? How and within what limits in a free society should government participate?

(3) Finally, must we adopt inflation as a national policy necessary to meet our economic and social needs and aspirations?

The Rockefeller Report emphasized the optimism and dynamic vitality responsible for our country's past growth. There was a spirit impatient of limits, historic or otherwise, and our panelists thought we should approach the future in the same spirit. I should like to make it very clear, here, that the Rockefeller Report which has been widely but wrongly interpreted as a recommendation for hard spending, and soft money, is neither. It recommended economic growth with economic stability and it noted repeatedly that **real** growth could come only from **real** incomes, **real** production and **real** benefits. To this I would add the appeal of CED's study on inflation that we give up the illusion that we can get more out of the economy that we produce." Evidently Nelson Rockefeller, as Governor of New York, is practicing what was preached in the Rockefeller Report. He is showing commendable courage and determination in leading the fight to balance his state's budget without sacrificing the benefits which the public is demanding. In essence, he says—have it, if you will, but pay for it as you go. I hope the Congress and the governors of other states, will follow his example.

We are hearing a lot these days from a very vocal group of people who claim that Government in the United States has not been doing its part in creating the conditions for rapid and continuous economic growth. This group has taken 5% as its magic number. That is an annual rate of economic growth averaging 5%. They are creating the impression that merely by opening wider the money spigots in Washington, we can spend ourselves rich and can easily boost the trend line of economic growth from its historic 3 or 4% path to a 5% incline. I do not quarrel with the suggestion that very great benefits would flow to all of us from a higher rate of economic expansion than we have normally had.

But I would emphasize that irrespective of the desirability of doing so, it is **not easy** to achieve a significantly higher sustained growth rate than our economy has historically experienced.

It appears to me that the proponents of spending claim that our Government is not doing enough and could easily do more to increase our economic growth rate. They assert, if I interpret their proposals correctly, that a rapid growth of dollar incomes would somehow automatically pry our **real** growth line up to the desired new level regardless of the true value of the dollars. It seems to me that the proponents of this philosophy are asking that dollar incomes be increased out of all proportion to increases in productivity in the hope that the apparent increase in total dollar incomes will increase demand and that greater production will necessarily follow.

They ignore the often-established fact that increases in income out of proportion to productivity, result in higher prices, which reduce the purchasing power of the dollars in which the incomes are paid.

Asks Why Be Picayune

However, let's assume for the sake of discussion, that higher in-

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From Washington Ahead of the News

By CARLISLE BARGERON

The official statement on the meetings of Prime Minister Macmillan and President Eisenhower left no room for an agreement on the reunification of Germany without voting in East Germany.

Carlisle Bargeron

Yet this seems to be one point on which an agreement can be reached at the summit conference.

We have been insistent heretofore that the East Germans be allowed to vote on reunification, being satisfied that they would vote overwhelmingly in favor of it. But Kruschev has remained adamant against elections. Thus, Secretary of State Dulles is said to have decided there could be reunification without elections. In other words, East Germany could just be incorporated into a German federation as another state. There are five states in West Germany now. There used to be about as many in East Germany but the Communists have erased all state lines.

With East Germany becoming just another state it would be left to the Germans to work out their own salvation. This would involve the complete withdrawal of Russian troops from East Germany, and the Americans would see to it that the Russians did not exercise any force with the intention of gobbling up all of Germany.

With this sort of agreement the Americans eventually would be willing to withdraw from Germany and not give West Germany any atomic arms. The West Germans are said not to want to have any of these arms anyhow. As presently constituted the West Germans simply want to manufacture and to compete in world markets. It is with difficulty that we are getting them to rearm. This is the way matters stand under Chancellor Adenauer.

However, he is a very old man and can't live forever. It is possible that after his death another strong man would arise in Germany advocating Germany's place in the sun again.

Russia is said to be terribly afraid of this and perhaps with justification. But under this plan, as it has been discussed in Washington, we would be glad to guarantee the integrity of Russia's borders.

At least this has been discussed in Washington as a means of getting a settlement with Russia and easing the cold war. There is no question of ending it. As long as there is a Communist Russia it is assumed there will be some sort of cold war. Russia has created tensions in Quemoy, Korea and the Middle East, but it is in Berlin that the free world and the Communist world meet head on and there the most acute crises develop.

There is no mention of this in the statement of Mr. MacMillan's and Mr. Eisenhower's meeting. As a matter of fact, it says that under no circumstances will the Americans leave Germany.

This would seem to preclude any such agreement as mentioned above. However, the possibility remains that the two heads of state wanted to keep this to spring at the summit conference.

One of Russia's main aims, aside from domination of the world, is to get us to recognize the status quo in Eastern Europe. After the war Russia took over Rumania, Bulgaria, Czechoslovakia, Poland and of course East Germany as well as Austria. She did so on the grounds that it was necessary to protect her line of communications with East Germany which she occupied under agreement with the western Allies.

Over the years she has definitely seized these countries and communized them. Poland, after all, was one of our allies during the war.

Mikoyan, the number two man in the Russian government, during the course of his visit to this country spoke informally about an agreement whereby both sides would pull back their troops 500 miles. This would take the Russian troops back behind her borders and send the United States troops out of Europe. This, at first blush, looks like a happy solution to the whole thing. But for us to get out of Europe altogether would mean the dismantlement of missile bases in Spain, France, Turkey and Greece and possibly Iran. Thus we would be at the mercy of Russia in any atomic attack.

These missile bases are our insurance against such an attack. High military authorities do not believe the Russians yet have a missile that could reach this country, notwithstanding Russia's bragging, and we apparently have no missile which could reach Russia. But we do have Russia ringed around with bases from which our bombers can take off armed with atomic bombs and rein death and devastation upon the enemy country.

Russia would not be hard to deal with if they were convinced of our superiority. But unfortunately we have those in this country who are forever prating about our inadequacy of defense. This may cause the Russians to be more stubborn than otherwise would be the case.

Clark, Dodge to Admit David McElroy

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York Stock Exchange, on April 2nd will admit David B. McElroy to partnership. Mr. McElroy is a Vice-President of J. P. Morgan & Co. Incorporated in charge of the Municipal Bond Department.

With Bennett & Co.

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Cal.—Milton C. Miller, Jr. has become associated with Bennett & Co., 6253 Hollywood Boulevard. He was formerly with Atlas Securities, Inc. and H. Carroll & Co.

A. G. Becker Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John B. Vandercar has been added to the staff of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Pacific Coast Stock Exchanges.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Letter No. 46—Current comments on recent atomic and nuclear developments including government plutonium requirements — Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Burnham View — Monthly Investment letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available is current **Foreign Letter.**

Cement Industry — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Grumman Aircraft Engineering Corporation.**

College and University Endowment Funds, 1958—Comprehensive study—Boston Fund, Inc., 111 Devonshire Street, Boston 9, Mass.

Credit and Currency in Canada — Analysis — E. M. Saunders Limited, 55 Yonge Street, Toronto 1, Ont., Canada.

Government Financing — Bulletin — Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Investing in Canada—Monthly bulletin on Canadian securities —Wisener and Company, Ltd., 73 King Street, West, Toronto 1, Ont., Canada.

Japanese Stocks—Current Information——Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Japanese Warehouse Industry — Survey — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same monthly report are discussions of the 10 Japanese stocks considered favorites for 1959 and data on **Daiichi Bussan, Mitsubishi Shoji and Marubeni-Iida.**

Midwest Stock Exchange—Discussion of major factors making this market—Midwest Stock Exchange, 120 South La Salle Street, Chicago 3, Ill.

Municipal Bond Market Indicators—Bulletin—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

Natural Gas Transmission Industry—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Overlooked Values—List of issues which appear attractively priced—Bache & Co., 36 Wall Street, New York 5, N. Y.

Taxation in Canada—Survey of major Canadian taxes affecting business or personal interests in "Your Guide to Business in Canada"—Bank of Montreal, Business Development Department, Montreal, or 64 Wall Street, New York 5, N. Y.

Ten Attractive Rails—List considered interesting by the firm —Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

Toronto Stock Exchange—Monthly Bulletin of essential trading data on all issues listed—Toronto Stock Exchange, Dept. E-3800, 234 Bay Street, Toronto, Canada.

Treasury Financing—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

* * *

American Express Co. — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y.

American Marietta—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

American Metal Climax—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available are memoranda on American **Viscose** and **U. S. Rubber.**

American Motors—Data—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are data on **American Petrofina, Avco, Harbison-Walker Refractories, Spencer Shoe, Eaton Manufacturing** and **Eastern Gas & Fuel.**

American Sterilizer Co. — Memorandum — Fulton Reid & Co., Union Commerce Building, Cleveland 14, Ohio.

Arden Farms Co.—Memorandum—Kenneth Ellis & Co., 236-240 North Central Avenue, Phoenix, Ariz. Also available is a Memorandum on **Cal-Ray Bakeries, Inc.**

Beecham Group Ltd., A. D. R.—Review—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y.

Birdsboro Steel — Memorandum — Philadelphia Securities Co., 1526 Chestnut Street, Philadelphia 2, Pa.

H. C. Bohack Company — Discussion in the April issue of American Investor—American Stock Exchange Investor, 86 Trinity Place, New York 6, N. Y.—$1.00 per year (15 cents per copy). Also in the same issue are articles on **United Elastic, Electronics, International Breweries** and **Salem Brosius.**

Canada Cement—Brief Analysis—Ross, Knowles & Co. Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Christiana Securities Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Clark Equipment Company—Analysis—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

Cluett, Peabody & Co., Inc.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **American Brake Shoe Company.**

Commonwealth Edison Co.—Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y. Also in the same circular is an analysis of **National Distillers & Chemical Corp.**

Consolidated Foods Corporation — Analysis — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Continental Casualty Company — Analysis — William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

Cross Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Ford Motor Co. of Canada Ltd.—Study—Charles King & Co., 61 Broadway, New York 6, N. Y.

Glaxo Laboratories Ltd.—Memorandum—H. B. Shaine & Co., McKay Tower, Grand Rapids, Mich.

Gyrodyne Company of America, Inc.—Analysis—Fahnestock & Co., 65 Broadway, New York 6, N. Y.

Jefferson Standard Life Insurance Company — Bulletin — Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

Jim Walter Corp. — Memorandum — Prescott & Co., National City Bank Building, Cleveland 14, Ohio.

Jones & Laughlin Steel Corporation — Analysis — Shearson, Hammill & Co., 14 Wall Street ,New York 5, N. Y.

Jones & Laughlin Steel Corp. — Memorandum — Schirmer, Atherton & Co., 50 Congress Street, Boston 9, Mass. Also available are memoranda on **Laboratory for Electronics, Inc., Mine Safety Appliances Co.** and **Ogden Corp.**

Kennecott Copper Corp.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Lykes Bros. Steamship Co.—Data—Oppenheirmer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Singer Manufacturing Co.**

Metropolitan Broadcasting Corp.—Memorandum—Weil & Co., 734 Fifteenth Street, N. W., Washington 5, D. C.

National Old Line Insurance Co. — Memorandum — Saunders, Stiver & Co., Terminal Tower, Cleveland 13, Ohio.

Nationwide Corporation—Study—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

New York Capital Fund of Canada, Ltd. — Report — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Northern Illinois Gas — Analysis — Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Ohio Oil Company—71st annual report—Secretary, Ohio Oil Company, Findlay, Ohio.

Pittsburgh Plate Glass Company—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Puget Sound Pulp & Timber—Memorandum—Schweickart & Co., 29 Broadway, New York 6, N. Y. Also available is a report on **Beaunit Mills.**

Siemens & Halske — Memorandum — Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

Stauffer Chemical Co. — Memorandum — Shields & Company, 44 Wall Street, New York 5, N. Y.

Texas Gulf Sulphur Co., Inc.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Tilo Roofing Company, Inc. — Annual report — Tilo Roofing Company, Inc., Stratford, Conn.

Unilever—Memorandum—Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

U. S. Rubber—Data—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also in the same circuar are data on **Fedders Corporation.**

Van Camp Sea Food Company—Analysis—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y. Also available are bulletins on **Trico Products, Pfaudler Permutit Co., Fort Pitt Bridge Works, National Food Products, North American Refractories** and **American Hoist & Derrick.**

NSTA Notes

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold their Summer Outing on June 12, 1959 at the Overbrook Country Club, Radnor Township, Pa.

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold their 24th Annual Spring Outing on Friday, May 15, 1959 at the Country Club of Maryland.

John C. Yeager, Baker, Watts & Co., is Chairman of the Entertainment Committee.

COMING EVENTS

In Investment Field

April 1-3, 1959 (San Antonio,Tex.)
Texas Group of Investment Bankers Association of America annual meeting at the Hilton Hotel.

April 3, 1959 (New York City)
New York Security Dealers Association 33rd annual dinner at the Waldorf-Astoria.

Apr. 10, 1959 (Toronto, Canada)
Toronto Bond Traders Association annual dinner at the King Edward Hotel.

April 29-30-May 1, 1959 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual spring party at the Sunset Country Club.

May 1, 1959 (New York City)
Security Traders Association of New York 23rd annual dinner at the Waldorf-Astoria.

May 15, 1959 (Baltimore, Md.)
Baltimore Security Traders Association 24th annual Spring outing at Country Club of Maryland.

May 19-20, 1959 (Omaha, Neb.)
Nebraska Investment Bankers Association annual field day.

May 25-26, 1959 (Milwaukee, Wis.)
Association of Stock Exchange Firms Board of Governors meeting at the Pfister Hotel.

June 12, 1959 (New York City)
Municipal Bond Club of New York Summer outing at Westchester Country Club.

June 12, 1959 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia Summer outing at the Overbrook Country Club.

June 18, 1959 (Minneapolis-St. Paul, Minn.)
Twin Cities Bond Club 38th annual picnic and outing at White Bear Yacht Club, White Bear Lake, Minn. (preceded by a cocktail party June 17 at the Nicollet Hotel, Minneapolis).

June 25-27, 1959 (Hyannis, Mass.)
Consumers Bankers Association Atlantic States Sectional meeting, Wianno Club.

Aug. 9-21, 1959 (Charlottesville, Va.)
School of Consumer Banking, University of Virginia.

Sept.17-18,1959 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual outing — cocktail and dinner party Thursday at Queen City Club; field day, Friday, Kenwood Country Club.

Sept. 23-25, 1959 (Milwaukee, Wis.)
National Association of Bank Women 37th annual convention.

Sept. 28-29, 1959 (Toronto, Canada)
Association of Stock Exchange First Board of Governors meeting at the Royal York Hotel.

Oct. 14-17, 1959 (Philadelphia, Pa.)
Consumers Bankers Association 39th annual convention at the Warwick Hotel.

Oct. 22, 1959 (Cincinnati, Ohio)
Ohio Group of Investment Bankers Association annual fall meeting.

Nov. 2-5, 1959 (Boca Raton, Fla.)
National Security Traders Association Annual Convention at the Boca Raton Club.

With Keller Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Maxwell Rosenbaum has been added to the staff of Keller Brothers Securities Co., Inc., Zero Court Street.

J. C. Roberts Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Harold D. Ranger has been added to the staff of Jay C. Roberts & Co., Third National Bank Building.

Solving Current and Future Canadian-United States Problems

By DAVID L. GROVE*
Vice-President, Bank of America, N. T. & S. A.
San Francisco, Calif.

Among the problems squarely faced concerning one or the other, or both, northern hemispheric partners are: (1) fallacy of oil quota, tariff and surplus disposal practices; (2) desire of some to push overindustrialization at the expense of well balanced economic growth throughout the Canadian economy in an attempt to make it the most important objective as though there can be immunization from business fluctuations abroad; and (3) objections to lack of Canadian ownership interest in and management control over U. S. enterprises located there, and to complications caused by our flow of investments during periods of Canadian monetary restraint. Mr. Grove provides an insight into these problems, distinguishes between those that are serious and superficial, and calls for closer consultation and collaboration in matters of current and future importance.

The economic relationships between United States and Canada are of tremendous importance to both our nations. Last year, some 19% of U. S. exports and approximately 21% of U. S. imports were accounted for by Canada. Looking at this trade from the other side of the border, it is even more impressive, having amounted to some 59% of Canada's exports and 70% of her imports. Moreover, more than one-third of all private U. S. investment abroad last year was in Canada. These magnitudes show how much our two countries need each other economically. This need is not likely to diminish in the future. With rising levels of national income in both countries, Canadian-United States trade and investment can be expected to grow and to become more diversified as Canada becomes increasingly industrialized. To businessmen in both countries, this will mean ever larger opportunities for mutual trade and investment.

David L. Grove

To say no more than this, however, would be to ignore the associated problems. We should recognize that Canada's heavy dependence on the United States, both as a customer and as a supplier of capital, does create special stresses and strains. Developments which are of rather minor significance to business conditions in the United States may be of major significance to business conditions in Canada. No useful purpose would be served by ignoring the problems and by assuming that somehow everything will work out happily for all concerned. There are a number of problems that must be attacked forthrightly; if they are not, they may give rise to desperate actions that could harm both countries. Not all of the issues germane to these problems can be discussed here, and those that are taken up will unavoidably receive less attention than they deserve. In presuming to discuss these matters, I am fully aware that I do not have the intimate knowledge of some of them that my Canadian friends have, and I am sure that the views expressed here will reflect this fact.

The Setting

To a great many countries, the idea of trade problems between Canada and the United States must seem to have a note of unreality about it. Countries less richly endowed with natural resources are awed by the vast resources of Canada and the United States and by their fortuitous proximity to each other's centers of population, industry and trade. Hardly less impressive are the vitality, friendliness and overlapping of cultural traditions of the people of our two countries. Not the least of this enviable situation is the free movement of capital investment funds, which flow in response to spontaneous economic forces on both sides of the border, with practically no governmental interference or participation.

But, notwithstanding this very favorable background, there are problems affecting trade and investment between Canada and the United States, and if they are neglected we may fail to realize the full measure of good will and of economic well-being that lies within our grasp. Fortunately, some of the most vexacious problems, such as Canadian attitudes toward U. S. ownership and control of Canadian subsidiaries, ought to be the least difficult of solution. More fundamental problems, involving the processes of economic growth and the vulnerability of the Canadian economy to U. S. economic fluctuations, are more formidable.

Let us first go beyond Canada and take a broader look at the general subject of **Economic development in relation to international trade.**

Most developing countries see two objectives in diversified economic development: (1) less dependence upon the export of a few raw materials which are vulnerable to recessions abroad, and (2) rising levels of living provided by the greater productivity associated with the development process.

A country can specialize in the production and export of raw materials and still enjoy a rising standard of living. This can be accomplished by improved equipment and techniques which increase productivity. But this ordinarily does not reduce a country's exposure to business fluctuations abroad. On the other hand, diversification and industrialization do not necessarily raise real incomes above what would be attainable by more intensive development of the country's raw materials resources, and they may actually decrease them. What may be called "sound" economic development, therefore, involves a balancing of these two objectives against each other and a recognition of the relative costs that each entails.

It can be argued with some cogency that where natural resources are in great demand and can be economically exploited and marketed, economic development should begin with such resources. In this case, vulnerability to fluc-

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*An address by Mr. Grove before the Canadian-United States Business Conference, Ottawa, Canada.

What Should Be Considered About the Future of Railroading

By WILLIAM J. QUINN*
President, The Milwaukee Road, Chicago, Illinois

A tremendous future for railroading is attainable, according to Milwaukee Road head, providing elimination of obsolete government regulations said to be restricting growth and modernization is successfully completed. Mr. Quinn deals with the industry's indispensability, recuperative power and potential, and other reasons supporting assertion that rails will continue as the backbone of our national transportation. He pleads for enaction of a sixpoint legislative program, and foresees continued merger-consolidation movement.

There seems to be a great eagerness just now to pry up the lid of the future and take a peek inside. People want to know when man will reach outer space, what kind of cars the automobile manufacturers are going to make next year, what life will be like in 50 years? In the spirit of today's curiosity, I am going to discuss the future of the railroads. The railroads and the law are inseparably connected. The railroads are the most regulated industry in the country and to a considerable extent their future rests on the attitude the lawmakers and the regulators will take toward them.

William J. Quinn

Before going any further, I want to make clear what my view is about the future of railroading. I think their future will be greater even than their own colorful past. I don't say that as a form of wishful thinking—the facts support my conviction. The hard core around which I build that belief is that the railroads are indispensable to the economy of this country and people are becoming more and more aware of it. That indispensability doesn't come into being only in time of national emergency. It is just as much a fact in peace time.

Even under atomic war conditions, rail transportation has some unique advantages from the military standpoint. Our military people recognize this and have publicly confirmed it. Last year, in testifying before the Subcommittee on Surface Transportation of the Senate Committee on Interstate and Foreign Commerce, Major General Samuel R. Browning of the United States Army stressed the flexibility and expandability of rail transportation and pointed out that the railroads' performance in World War II attests to that fact. He also called attention to the recuperative ability, saying "railroads are accustomed to dealing with damage from natural causes and can quickly restore trackage and structures for operations. One of the important lessons learned during the Korean War was the rehabilitation capability of the railroads. In a relatively short time following bombardment, demolition or sabotage, the railroads can handle large tonnages and troop movements. This capability may be very important in future emergencies in which the United States may be involved."

It must also be remembered that rail transportation was restored in and out of Hiroshima 18 hours after the atomic bomb was dropped on that city.

U.S.S.R.'s Rails

In recent months we have become accustomed to comparing our performance in certain fields with that of the Russians. We have been jarred out of our complacency by the Russian successes in missiles and their other advances in weapons and technologies. It is significant then to consider the importance Russia and Red China attach to rail transportation. We have information that Red China has recently built new lines totaling 3,550 miles and the Soviet Government will average about a billion dollars a year for the period 1946-1960 for capital improvements to its rail system. Both of these countries, which for the foreseeable future will continue to be this country's most dangerous rivals, are concentrating on their rail systems. Putting it in another way, Russia, as a result of deliberate calculation, continues to use railroads for 83 to 85% of its total intercity freight transportation requirements. In the United States the figure is approximately 47%. It is thus performing its vital transportation work with a maximum conservation of fuel, resources and manpower and at the same time is strengthening the one form of transportation that it knows would be indispensable in time of war. I don't believe any greater proof is required to demonstrate the indispensability of railroads in time of emergency whether it be in Red China, Russia, or the United States.

As to the importance of the railroads in time of peace, consider for a moment what would happen if we were unfortunate enough to have a nationwide railroad strike, with all—or most—of the rail lines shut down.

The nation's imperative need for uninterrupted railroad service has been dramatically illustrated in the past by the President of the United States ordering seizure and operation of the railroads in 1948, and again in 1950 when paralyzing strikes threatened.

Even if it were to be assumed that American railroads are indispensable only in times of national emergency, it would certainly be folly to expect that they could exist in a mere standby condition, awaiting such an emergency. To be prepared for times of stress, this industry must be given an opportunity to keep itself physically fit in more normal times. It is in this connection that we begin to see most vividly the regulatory framework surrounding the railroads, and the results of continuing interference with their ability to compete on terms of equality with other modes of transportation.

It has become increasingly clear during recent years, as the railroads have driven hard toward complete modernization, that there is far more obsolescence in the network of railroad regulation than there is in railroad equipment and practices. That obsolescence of regulatory attitude, I submit, is a relic of the days when the railroads were a monopoly, and that was long before my time.

The competitive position of the railroad industry 100 years ago is described in a decision of the Michigan Supreme Court handed down the same year this school was founded. *In Michigan Central Railroad Co. v. Hale* (January Term 1859, at Lansing), 6 Mich. 242, at page 247, the court said:

"There is, in a certain sense, a compulsion upon all requiring transportation of property to employ them. . . . There is no mutuality or freedom of choice offered. The person desiring goods forwarded is compelled in reality to have them carried forward by the (railroad) company. . . ."

Railroads very obviously do not have a monopoly today, and I, for one, do not regret it. I have even come to regret that railroads ever did have a monopoly because to date our society has failed to discard the outmoded legal concepts which were initially created to control this monopoly.

People are becoming more and more aware of the indispensability of the railroads. Perhaps a better way of putting it is to say people are rediscovering the importance of the railroads. You all know how much has been said and written about the railroads in the last year or two. That all contributes to a better knowledge of railroad problems. I am confident that the more there is known about the railroads, the greater becomes the awareness of their necessity to the economic life of the nation. That awareness on the part of the public sooner or later influences the actions of legislative and regulatory bodies. That is the way our democracy works.

I repeat then that one of the reasons for confidence in the future of our industry is that railroads are necessary and the public is coming to realize it more and more.

Basic Economics Favors Rails

Another reason why I have confidence in the future of the railroads is that basic economic laws are on their side.

Railroads are far and away the most economical users of labor and fuel in the production of intercity freight and passenger transportation services. This is particularly true in periods of national emergency, when the need for transportation services is greatest and when labor and fuel are necessarily in short supply.

Based on statistics for the year 1957 (the last full year for which they are available), railroads turned out more than four times as much intercity freight transportation per employee as did motor trucks in intercity service.

Similarly, the productivity of railroad fuel consumption in terms of services produced was more than three times that of trucks. In times of national emergency, the additional transportation services required can be taken on by the railroads at even greater relative savings to the Nation's labor and fuel supplies.

Still another reason which prompts me to be confident that the railroad industry will continue as the backbone of national transportation is the predicted future growth of our country.

Statistical Forecast

Here is what is being forecast, not for the next century, but only for the next 15 years. I am not including in the following statistics forecasts about more dramatic and sensational subjects, such as intercontinental ballistic missiles, space travel, man-made or man-inhabited satellites. Let us not lose sight of the rest of the future—the less sensational but broader and more basic future of our society here on earth.

Population—people, not statistics—will increase from 173 million Americans today to 235 million Americans in 1975; that is 62 million more people in this Nation to feed, clothe, house, carry in automobiles on highways, and equip with appliances, furniture and all the other necessities.

Incidentally, one prediction which has come to my attention is the estimated population growth, by states, by 1970—only 11 years away. The average rate of growth by all states was estimated at 27%, Michigan ranked as the fourth "growingest" state of the Nation with an estimated rate of 43%.

The value of total goods and services produced—what the experts call the Gross National Product—is predicted to rise from about $440 billion to $835 billion in 1975, this prediction being based on a continuation of past and present trends. This means an economy nearly twice as large as it is today. The forecasts go on to the year 1980—only 21 years from now—and predict a Gross National Product of one thousand billion. Not long ago we choked a little in talking in terms of a billion. Now for the first time I find myself using a new term in speaking of our national economy—$1 trillion by 1980!

The products of this fantastically-expanded economy will have to be transported—the raw materials to factory or processing plant, the finished products from plant to distributor and then to the consumer—235 million of them all over the United States. That expanded population will purchase automobiles probably at a rate two or three times above the number per year purchased last year. This makes me more assured than ever of a continuing, if not increasing, demand for transportation on railroad tracks and rights of way. The complex problems of traffic congestion and the tremendous sums necessary to provide facilities to cope with the problem insures us that rail transportation will play an increasing role.

The trucks, airlines, pipelines and barges will, of course, also be performing an expanded but perhaps more specialized transportation service. A steel wheel turning on a steel rail will still, however, be inherently the cheapest and most efficient means of transporting freight, particularly in the mass which will be required in the 1970's.

Research in Rails

This fact becomes more significant when we consider that the steel wheel on the steel rail of the future will likely be powered by improved motive power and sped along by further refinements of today's highly developed centralized traffic control systems. Trains will be swiftly dispatched from electronically operated yards of even more advanced design than those which today employ radar.

Research conducted either by the railroads or for them in independent laboratories has vastly improved the efficiency of railroad operations within the past couple of decades and cleared the way for still greater changes in the years ahead.

I think it is to the point to add that railroad research has also reached deeply into the traffic department. Not only are railroad rate organizations working in this field to determine what rate adjustments and service changes should be made, but a number of individual railroads, including The Milwaukee Road, have created their own research departments. In our own case this research effort is already proving very helpful in keeping our facilities and services in close parallel with the requirements of shippers, and there is every indication that it will do much more for the railroad and for its customers as time goes on.

Mergers and Consolidations

You hear a lot about merger and coordination of railroads today. I am sure in the years ahead through merger and coordination of facilities there will be fewer railroads, fewer duplicating miles of track and facilities, thus greater efficiency without a decrease in service. Today, there is hardly a mile of railroad which could not easily handle twice the number of trains. Mergers and consolidations are easy to recommend but are not always easy to consummate. There are financial, physical, geographical, political and labor problems of very complex proportions which are not easily solved. Nevertheless, the trend toward mergers and consolidations will continue and gather momentum.

Union Rules

Another problem that is getting a great deal of attention today, and as to which there will be significant developments in the future is the matter of featherbedding. In railroad language, employees are either in the operating category, meaning those who actually run the trains, or are in the far larger non-operating group, performing traffic, accounting, clerical or other railroad work not directly involved in running trains.

In the belief that rules governing the work and pay of employees in the operating group are outmoded and enormously wasteful, railroads began, in 1958, a study to determine exactly which rules are at fault and how much could be saved by their modernization. This studv, which is continuing but is already largely complete, shows conclusively that many work rules are indeed outmoded, and it shows, too, that they are costing over $500 million a year—not counting the far larger cost to the Nation as a whole in wasted manpower and resources that could and

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*An address by Mr. Quinn before the One Hundredth Anniversary Celebration of University of Michigan Law School, Ann Arbor, Mich., March 13, 1959.

Today's and Tomorrow's Domestic And Foreign Oil Picture

By M. J. RATHBONE*

President, Standard Oil Co. (New Jersey)

Positing a sharp growth in world demand, oil industrialist contends this will be reflected in oil demand and, thus, induce higher prices for domestic and foreign oil. Quantifying his views, Mr. Rathbone notes appraisals indicate 1959's demand will be one million barrels a day more than in 1958. The Jersey company head singles out factors causing lower prices and higher taxes for past two year's difficulties; offers his views on the way the future seems to look; and particularly regrets quotas on heavy fuel oil and effect upon consumers.

The past two years has not been a very satisfactory period for the oil industry. This has been true with respect both to domestic companies and the so-called international oils. In many ways, this is a rather anomalous situation as demand for oil products continued to grow steadily. For instance, free world oil consumption in 1958 reached a new all-time peak, and yet net earnings of most oil companies showed a rather sharp decline. My firm's experience is typical of the divergence. In 1958 we sold more than a billion barrels of petroleum products for the first time in our history, but our earnings were off 30% from 1957.

M. J. Rathbone

The immediate causes of these difficulties can be summed up in two phrases — lower prices and higher taxes.

The price erosion was the result of a number of adverse forces all operating at once. First, as an industry, we simply had overshot the mark and provided too much capacity. This was not a completely new situation since, over the years, seldom have we had any period when at least one branch of the business did not have an excess of spare capacity. But the impact of extra capacity in one branch was usually softened by the fact that the other branches were then in a fairly well-balanced position. This time, however, the surplus showed up simultaneously in all four phases. We had too much in producing, in refining, in transportation and in marketing. At the same time, we experienced a temporary tapering off in the strong growth rates for oil demand here and abroad, particularly from mid-1957 to mid-1958. This reflected the general business setback in the United States and its impact in some foreign areas. To it was added the adverse influence of the Suez crisis, which acted as a brake on expansion of the European economy and on the growth of oil consumption there and elsewhere in the Eastern Hemisphere.

Entirely apart from its effect on oil demand, the Suez crisis added to the industry's headaches in another way. Extraordinary efforts were made in the United States and Venezuela late in 1956 and in the first half of 1957 to keep Europe well supplied with oil for the duration of the crisis. With the clearance of the Canal, Europe very quickly began to draw again on the Middle East for almost all of its supplies. However, a corresponding drop did not occur immediately in the additional production which had been brought into play in the Western Hemisphere with the result that inventories rose rapidly and hung over the market for quite some time thereafter.

The higher taxes of which I spoke a moment ago were imposed only last December, but were applied to the full year 1958. I refer, of course, to the action taken by the Provisional Government of Venezuela which substantially increased the industry's tax burden in that country. For the Jersey consolidated companies, this action reduced estimated earnings for the year by about $90 million, reflecting, largely, its impact on the company's principal affiliate in Venezuela, Creole Petroleum Corp. This change alone was responsible for 40% of the reduction in our earnings from 1957. How long these higher taxes will continue probably depends on the developing fiscal situation in Venezuela and the ability of Venezuelan crude oil to compete as effectively for as large a part of the world market as in the past.

Against this background of the last two years, I would now like to take a look at the road ahead.

Looks Ahead

First, we are still a growth industry. In 1958, the consumption of oil, world-wide, was almost 800,000 barrels a day greater than in 1957. This year, we are looking at an increase of more than one million barrels in the daily use of oil. Put in other terms, this means that we are in a business whose growth in 1959 will require additional supplies equal to all of the 1958 production of Saudi Arabia. Our appraisals show convincingly that this vigorous rate of growth in the world's appetite for oil will continue unabated. It reflects the influence of two basic forces— first, the sheer fact of growth in population; and second, a gradual rise in the standard of living and in the degree of industrialization in many parts of the world. With these forces in being, oil consumption is bound to get progressively higher as far ahead as we can see, even when allowing for substantial further growth in the use of other forms of energy such as natural gas and nuclear fuels.

On the supply side of the equation, changes are taking place through the operation of economic forces on the thousands of individuals and companies comprising the industry. Lower profit margins have slowed down the flow of capital into the business and the excess of spare capacity is being whittled away in some areas. In contrast to most of the postwar years, much of the capital spending of 1958 and 1959 is directed at getting greater efficiency, rather than more capacity. The slowdown in total spending and change in emphasis are bound to have a favorable effect, eventually, on the price weakness which has been so troublesome during the last two years.

Encouragement also can be found in the very substantial progress which our industry already has made in reducing operating costs. Lower realizations for sales have acted as a spur to management's ingenuity in finding ways to do as good a job at lower cost. This is being done in all branches of the business. In producing you will find more slim hole drilling and wider well spacing; in refining greater selectivity in choosing among various grades of crude oil; in transportation much larger tankers and pipelines are being built and used; and in marketing we find bigger tank trucks and higher throughput at centrally located modern bulk terminals: In all four branches, through automation and sounder labor practices, ways are being found to get the work done with less manpower.

Confident Change Is at Hand

For these reasons I am confident that the economic problems which have contributed to the oil industry's difficulties of the last two years will continue to diminish.

However, the horizon made up of problems arising from government actions is much more difficult to appraise. Of particular concern is the tendency of our own government and of governments abroad to exercise more and more control over business affairs. This affects not just a few individuals or companies but the ability of all private investment to serve people and earn a proper reward for doing so. History has shown that moves of this kind often have results far beyond those intended, to the detriment of consumers, employees, investors and the general public in whose name government actions are taken.

Comments on Quotas

Our own government recently imposed mandatory controls upon imports of crude oil and petroleum products into the United States. The inclusion of heavy fuel oil under the control system is particularly regrettable in my estimation. Heavy fuel oil is widely used as a source of power in industry and electric-generating stations and in heating large buildings. Because of the cost factors involved, not enough of it is normally made by domestic refiners to meet domestic demand, and imports have long served to provide the balance required. Reduction in the availability of heavy fuel will leave many consumers with no choice except to curtail activities or to turn to higher-cost sources for heat and power.

Additional taxes on gasoline continue to be proposed in the United States at both Federal and local levels, even though gasoline is at present taxed at a higher rate than any other essential commodity and many luxury products. Renewed attacks are being made on the depletion provisions in our tax laws. For over 40 years American oil companies have received this allowance for two sound purposes. First, as a matter of equity, it is intended to prevent the taxation, as though it were income, of what really amounts to a recovery of capital. And second, it is intended to provide an incentive for American companies to find and develop oil reserves which are so necessary for our country's progress and security. Its effectiveness has been demonstrated amply and, in my opinion, any reduction in the allowance would be contrary to our nation's best interest.

Government actions and attitudes abroad are of equal importance to our industry and to the Jersey company. This is particularly true in the concessionary countries, almost all of which would like to increase their oil revenues. In some cases this takes the form of pressures on the concession holders to move larger volumes of crude into export markets. In others, it is aimed at obtaining, directly or indirectly, a larger share of the profits on the present level of sales. In some instances both objectives are sought simultaneously. Satisfactory solutions to problems of this nature are usually difficult to work out. However, the prospects for success are greatly enhanced when both parties recognize the importance of making the effort in an atmosphere of mutual confidence and respect—and when both parties attach importance to long-range considerations rather than short-term expediency.

U.S.S.R. Competition

Various reports on Russian Oil have been making news in the last year or so and concern has been expressed that the Soviet bloc will use oil as a major weapon of economic warfare against the West. To put this in perspective, I should point out that movements of oil from Russia and its satellites to the free world amounted to about 220,000 barrels a day in 1958. This represented less than 1½% of the free world's market in that year. If it wishes to do so, the Soviet bloc probably could increase the volume of oil available for export to the free world. However, I cannot conceive of the governments of the Western nations rising to this kind of bait to the point where they would let their countries become dependent, even to a relatively small degree, on Soviet supplies of such a vital nature. Furthermore, in view of the very low per capita rate of oil used behind the Iron Curtain, I think it is reasonable to expect that the governments there will be under some pressure to dedicate more of their supplies for consumption at home.

From what I have said so far, I am sure you realize that I do not expect the oil industry to move swiftly forward on all fronts without pause or interruption. We do face difficulties and uncertainties, but it is also true that as an industry we have never been without at least a good half dozen unsolved problems. If long experience in living with and working on complex, elusive problems is helpful preparation — than I can assure you that we're prepared. What I do expect, confidently, is for the oil industry to continue to expand at a healthy rate sufficient to provide a competitive framework within which an efficient, resourceful company can grow and prosper.

*An address b Mr. Rathbone before the Bond Club of New York, New York City, March 19, 1959.

U. S. Must Cease Sabotaging International Trade

By SIR DAVID ECCLES*
President of the Board of Trade, Great Britain

Prominent British trade official calls attention to the sharp contrast between the United States long-continued generosity since the initiation of the Marshall Plan, and our current adoption of strict commercial policies. In the latter destructive category he cites our quotas on lead and zinc imports, our disqualification of British tenders for electrical contracts, and the imposition of wool tariffs discriminating against Britain's high quality goods.

I am going to speak partly about politics but more about commerce.


Sir David Eccles

What is there to report about the working of the Anglo-American Alliance in the field of commerce? Surely it is true that, if the free world is to survive, our cooperation in economic policy is as necessary as our cooperation in defense and strategy. But how are we getting on in promoting by parallel action in Washington and London our own economic expansion and that of the rest of the free world?

This is a question to which, I need scarcely say, we in the Board of Trade give constant thought. We are encouraged by the fact that the United States is now the greatest single market for United Kingdom goods; we also know that the prosperity of the rest of the world essentially depends on what happens and what is done in your country; and that—for Britain of all nations—must always be a matter of vital concern.

The American record is a remarkable one of which you are rightly proud. Since the war the marvelous expansion of the United States economy has been of outstanding importance and benefit to all your friends. In the immediate postwar, people in this country who ought to have known better made a great deal of play about the lurches likely to take place in the American economy. It was also assumed that, if America sneezed, the rest of the world would develop pneumonia.

The skill with which your governments and businessmen have surmounted three threatened recessions have set these fears at rest.

We also heard a great deal of talk about the likelihood that the dollar would become a scarce currency, and that the Americans would deny the world the means of payment for goods and services without which the rest of us would wilt and stagnate.

Our Outpouring of Dollars

But that has not happened. Year by year since the war you have put out dollars into the world—partly through the generosity of the Marshall Plan, partly through Point IV and other programs, partly through aid and military expenditure. The dollar resources of the free world have thus been massively strengthened, and it is the U. S. A. which has largely taken the lead, and borne the major share of the burden, in strengthening the resources of the World Bank and in bringing aid and technical assistance to many underdeveloped countries. But as the salvage operations of the postwar are completed the scene changes.

Are we moving towards a normal satisfactory pattern of International Trade?

What do I mean by normal? I mean a system of policy and action in which the deliberate aim of governments is the maximum interchange of goods and services; and also a system in which debtors try to repay their debts and creditors behave as if they wanted their debtors to be honest.

That is the kind of pattern we ought now to be establishing if the world were securely at peace and our sole aim were to combine continuous economic expansion with a steady price-level.

The American Record

What is the American record from this standpoint? In one sense it is satisfactory beyond all expectations. Thanks to your economic growth, total imports into the United States have risen to a very high level. Indeed imports have practically doubled over the last ten years. We in the United Kingdom with the help of the Dollar Exports Council have worked hard to take advantage of the wide opportunities in your markets, and these efforts have been successful in many directions.

But, we must ask ourselves whether the remarkable things which I have referred to go far enough in the critical circumstances of today. Just because we cannot contract out of the cold war, some country or countries in the free world have to give the lead in organizing the economic defense and expansion of our grand alliance. It is plain that the leadership must come from English-speaking peoples.

Now I do not know how many of you here are students of Shakespeare. Those who are will agree that one of the rules of conduct in which Shakespeare believed was that the higher your station in life the more necessary it is to behave well and to give an example to those not so blessed by fortune.

The U. S. A. is far the most powerful country in the world, and we in the United Kingdom, though small in numbers, have an exceptional position at the center of the Commonwealth, and I hope you consider us to be your most robust and reliable ally.

These being the facts of contemporary life, Shakespeare would have said that if the U. S. A. and the United Kingdom fail to set the right example in economic policy there is little chance that anyone else in the free world can effectively do so.

Now as President of the Board of Trade, I am concerned mainly with trade. And so I ask what sort of commercial policy should the U. S. A. and the Commonwealth be pursuing today? And in this important sector how far are we living up to our high positions in the world?

We know what is our basic task. We have to prove that the free enterprise system, challenged as it is by the massive economies of the communist bloc, is the best system for all those who wish to remain on our side in the great contest for the minds of mankind. This is only a new problem on account of its new urgency.

In this country we most heartily applaud all that the U. S. A. has already done to hold the free world together. Some who have thrown stones at Mr. Dulles may live to regret it.

Nevertheless, we have continually to ask ourselves whether we are treating each other and all the members of the free world as economic allies. Take the NATO alliance. The *raison d'etre* of that organization is to combine our military forces and to eliminate rivalries. But are we taking comparable action in the economic field?

I do not believe that we have yet thought through what it is necessary to do. But I am clear about one thing, the demands of our age cannot be wholly met by a policy of gifts and charity. You do not hold nations together on that basis. Especially when men think a hot war is unlikely, aid is not a substitute for trade. A man will take your money, of course he will, but it will not make him like you or bind him to you in anything approaching the same way as if you do business with him, and allow him to earn the dollars and the pounds he needs to pay for his essential imports. This means more liberal trading policies than we practice today.

If the United States and the Commonwealth are not willing to set the example of maximum trade between industrialized countries, and between the high-standard and the low-standard countries, why should not the low-standard countries try the communist system? After all they have a well-advertised success before their eyes of vast nations starting with very low standards and raising their production by ruthless state-planning. We have to show there is a more efficient and a more humane way to better living.

U. S.-U. K. Behavior

In this tremendous struggle for the championship of the world how the U. S. A. and the United Kingdom behave to each other is, I submit, of very great importance, in fact and as a symbol. And I feel it my duty to take this opportunity to put on record a few examples of recent actions by the United States which are reducing the sense of economic co-operation between my country and the Commonwealth on the one side and our great ally across the Atlantic on the other.

First take the quotas on lead and zinc. The announcement of these quotas designed to protect high cost production in the U.S.A. created the greatest concern during the Montreal Economic Conference. Australia and Canada in particular felt that this restrictive action was contrary to the general economic policy which a creditor country and a very friendly country should pursue. The same is true of restrictions on the import of oil. Secondly, I need not remind you of the details of the Greers Ferry contract. Nobody in this country believes, and it would be impossible to make them believe, that the rejection of the British tender was justified, on defense grounds. There are other cases pending and we are watching the way they go with acute interest.

Thirdly, I must report to you the unhappy outcome of the Montreal Conference of the International Civil Aviation Organization on navigational aids.

The purpose of the conference should have been to consider in an objective spirit the finding of the best answer to the ever-growing problems of controlling safely the greatly increased number of aircraft traveling at very high speeds. This control calls for the use of the best possible devices for determining the position of an aircraft, and we had hoped that there would be a full discussion of the relative merits of two competing systems — the American Vor/Dmet and the British Decca System. In the result there was no objective assessment of the relative merits of the two systems and further than this no examination of the operational requirements which short-range navigational aids should be able to meet in the interests of safety and of efficient air traffic control in highly congested areas. And I am sorry to say that in this discussion on how to proceed, the United States delegation and its supporters were on the wrong side.

Indeed, the operational criteria adopted by the conference deliberately excluded any which Vor/Dmet might not be able to meet, although it was perfectly well known that without some of these requirements, which Decca alone at the moment can meet, air traffic control in congested air space could not be both safe and efficient.

Fourthly, there is the wool tariff quota, in imposing which the United States authorities are certainly acting within their treaty rights. This tariff quota results in admitting to the United States market woollen textiles to the volume of 5% of domestic production at a duty of 25%. Thereafter imports must pay 45%. I am sorry that the U. S. Government should have felt compelled to do this and to do it in the way they have. We have repeatedly protested against this measure, pointing out that it must hit unfairly high quality cloths, in which fashion counts a good deal, and must favor staple cloths which can be stocked against the period when the lower duty quota is open. We are not asking for specal favors, but you cannot expect us to be satisfied when the arrangements continue to favor Japan at the expense of the United Kingdom.

This is just what has happened. Japanese exports of woollens to the United States have increased and British exports are down by one-third.

On our side we have step by step dismantled the quotas on dollar goods which we had to put on to protect our precarious exchange position. I said at Montreal last September that we hoped to go further in the removal of these quotas this year. We should like to do this but we must be sure we can earn enough dollars to pay for any increase in our imports which would follow.

I want you to know that our concern at the increased number of examples of protectionism in America is not only due to the loss of dollar earnings by this country. We have to think of the economic well-being of the free world as a whole.

The non-dollar countries, whether industrialized or underdeveloped, will be stronger and more reliable members of the free world if American policy works for trade and not against it. And it is necessary, on behalf of the primary producers of the Commonwealth, for me to add that this goes for trade in agricultural products as well as for trade manufactures. We appreciate that the U. S. Administration has its own very real problems and difficulties. Unemployment is a serious issue in some districts and so are fears that sections of U. S. industry, considered of vital importance to American security, may gradually become uncompetitive. We accept that. But you and we have always realized that interdependence would involve efforts and sacrifices. If the free world are not prepared to make these, the outlook is indeed black —or perhaps I should say red. We cannot expect the U. S. to carry the whole burden but it is only by accepting a major share of that burden, particularly in respect of trade, that the U. S. can maintain their claim to a leadership which others will be glad to follow. But I am not putting anything new to you. Let me prove this by closing with a quotation from President Eisenhower's budget message of a year ago.

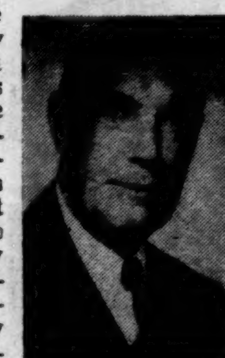
The President said, "as the greatest producer, consumer and exporter in the world, the United States must be a dependable market for foreign goods if mutually beneficial trade is to grow and prosper."

This is the right policy. What we now must do is to put it into action. Is it not plain that if the English-speaking peoples will not do this, no one else will, and then we have cause to ponder who will be the economic leaders of the world?

*An address by Sir David Eccles before the American Chamber of Commerce, London, March 11, 1959.

Protestant Welfare S. E. Campaign Opens

Howard C. Sheperd, board chairman of the First National City Bank and board member of the Federation of Protestant Welfare Agencies, was host to a group of businessmen at a luncheon held to open the Federation's Stock Exchange committee drive to raise $387,000 in support of its 1959 budget of $1,006,903.


Howard C. Sheperd

Present were Douglas Reed Brash of Smith, Barney & Co.; Austen B. Colgate of Wood, Struthers & Co.; Henry Darlington, Jr., Hill, Darlington & Co.; Howland S. Davis; Stanhope Scott Goddard, White, Weld and Co.; Ralph Hornblower, Jr., Hornblower & Weeks; George H. Howard, Jr., Harris, Upham & Co.; Maitland T. Ijams, W. C. Langley & Co.; Robert Van Marks, Empire Trust Co.; Harry S. Noble, DeCoppet and Doremus; James E. Osborne II, Dominick and Dominick; David Patterson, Courts & Co.; John Peterkin, Gregory & Sons; Hugh Petersen, Jr., Hemphill, Noyes & Co.; W. Mayo Smith, Blair and Co., Incorporated; John I. Shaw, Glore, Forgan & Co.; Norman W. Stewart, F. S. Smithers & Co.; William Struthers, Henderson, Harrison and Struthers; Donald B. Tansill, Jr., Eastman Dillon, Union Securities & Co.; Henry Tiffany and Sumner White of the First Boston Corp., and Vance Van Dine, Morgan Stanley & Co.

The Federation is the central Protestant health and welfare agency for Greater New York. It provides services for 219 agencies operating 391 separate programs for children and their families, youth, the aging and the sick and troubled.

Ford, Bacon & Davis Marks Anniversary

The 65-year-old firm of Ford, Bacon & Davis, Inc., engineers and business consultants, will mark its anniversary by moving to new and larger quarters in the new building at 2 Broadway as of April 13. The firm was founded in Philadelphia, opened its first office there on March 12, 1894, and moved to New York City two years later.

One of the oldest and largest organizations in its field, Ford, Bacon & Davis, Inc. also maintains offices in Chicago and Los Angeles, and Monroe, La., headquarters of its construction activities.

Forms Long Beach Inv.

LONG BEACH, Calif.—Stanley W. Wiedrick is engaging in a securities business from offices in the Farmers & Merchants Building under the firm name of Long Beach Investment Securities Co. Mr. Wiedrick was previously with Morgan & Co. and Dempsey-Tegeler & Co.

Brainwashing and Bankrupting Americans

By EUGENE W. CASTLE*
Author and Industrialist, New York City

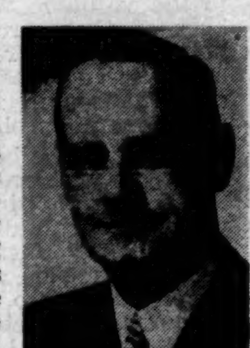
Asserting futility of our foreign give-away programs, Mr. Castle maintains U. S. Government is galloping toward bankruptcy, with the people being brainwashed with the false philosophy that we can spend ourselves rich. Offers examples of waste in foreign aid; with new blank checks being demanded. Demands national referendum on the aid question. Among immediate steps he urges on the New Congress are: cut in the Budget to $65 billion; barring of appropriation of new funds for Mutual Security; cutting of alleged waste and duplication throughout military establishment; slashing international loans and payrolls; and cutting over-staffed and over-budgeted Washington political bureaucracy. Concludes only a nation-wide crusade can restore our integrity, sanity and solvency.

An eminent American historian, the late Charles A. Beard, once said:

"The destiny of Europe and Asia has not been committed under God to the keeping of the United States; and only conceit, dreams of grandeur, vain imaginings, lust for power, or a desire to escape from our domestic perils and obligations could possibly make us suppose that Providence has appointed us his chosen people for the pacification of the earth."

Although Professor Beard said this many years ago, it was never more timely than it is today.

President Eisenhower has repeatedly proclaimed that it is our duty to bring our way of life to the underdeveloped countries all over the world. Unfortunately, our well meaning President is unaware of the fact that if we gave away all of our resources — everything we own and treasure, we could not improve the living standards of the peoples of the world by as much as 1%. Moreover, countless millions of foreign peoples want to live their own lives in their own way and they openly reject and resent our good-intentioned and politically inspired ideas to make them over in our image.



Eugene W. Castle

1. Galloping Toward Bankruptcy

The Government of the United States is galloping toward bankruptcy by spending more than it takes in—and borrowing to close the gap—with a deficit this year of more than $12 billion. Following this policy will soon give us less than a 25¢ dollar in terms of the purchasing power of 1939.

It is distressing and dangerous that too many big politicians, industrialists, bankers and labor leaders are today 'brainwashing' 175,000,000 Americans with the false philosophy that we can spend ourselves rich. We are told that we now enjoy a $450 billion Gross National Product and that a still higher one is just around the corner. Prosperity, we are told, is just dripping all over us, but nothing is said about our current huge Federal deficit which will further inflate our diminishing dollars and make them more costly for the necessities of life which you buy at your food market and elsewhere. I want to ask one question: "How far does a $5 bill go today in filling your market basket?"

Most Americans do not realize that this inspired "brainwashing" about our Gross National Product, that is pyramiding in the billions and will soon beat our guided missiles to the moon, is actually as deceptive as a counterfeit $2 bill. Consider this:

In 1932, in the depth of the depression our Gross National Product totalled about $75 billion. But, in that year our dollar was worth 100¢. Therefore, in terms of today's dollar, our Gross National Product was then actually about $160 billion.

In 1939, when we still had 100¢ dollars, our Gross National Product amounted to about $200 billion. Valued in terms of today's dollar it amounted to more than $400 billion!

Now, let's come down to the present. Our Gross National Product today is estimated at $450 billion annually. But unless we insist upon fooling ourselves, we must cut this amount in half in terms of 100¢ 1939 dollars. This explains what has happened to your $5 bill when you take it to your food store.

We are assured that our economy will go up in the billions in the years ahead. But, do not forget that the currencies of the world — in Europe, in Asia and presently throughout South and Central America, have been made almost worthless by inflation which is cancer of the currency. Some politicians and the false self-styled "liberals" who speak for them, simply ignore the facts of life and the record of history.

2. 1,000 Billion Dollars Ahead?

Those who deceive us with honeyed words and promises of a giant economy that will soon pass the $500 billion mark annually, may prove to be much too conservative in their billion-boosting estimates. If the depreciation of the dollar and the enormous Federal deficits continue, we will see a Gross National Product of 1,000 billion dollars. If that tragic day arrives, the citizens of our country will become the serfs of reckless political masters or, worse still, slaves of the Kremlin where from Lenin to Khrushchev, Red tyrants have predicted that we will wither on the vine through our own fiscal waste and failure.

Today, this danger from within is just as great as the danger that confronts us from without. If we persist in spending ourselves into bankruptcy, they have won and we have lost.

The Society of the Daughters of the American Revolution came into being because the founders of our country rebelled against taxation without representation. Now, we are being taxed to a point of suffocation while our rulers in Washington insist upon giving away our resources on a scale never before attempted by the mot irresponsible dictator.

This was brought home to me with great clarity by overseas bankers and industrialists whom I visited recently in four European countries. All were frank to admit that their concern about our deteriorating currency is primarily a selfish one because, I was warned, if runaway inflation overtakes us, the Soviet slave masters will conquer the world without resorting to war.

Two of our most distinguished, and patriotic Americans, Herbert Hoover and Bernard M. Baruch, have issued repeated warnings about the growing danger of inflation.

3. Bernard Baruch's Warning

Recently, Mr. Baruch said:

"Inflation is eating away our economic and financial health." "It is responsible," the adviser to seven United States Presidents said, "for swollen prices, high taxes, the increasing national debt and the devalued savings of the little people who suffer most from it. Allow this malady to run unchecked and it will impoverish a people and destroy a Nation. I appeal to my fellow countrymen to remember that despite all the challenges she faces our beloved America will overcome everything if each of us casts aside indifference, apathy and selfishness."

It is vitally necessary to get these sound and patriotic warnings off the financial page and onto the front pages of our Nation's newspapers. I firmly believe that it is a patriotic opportunity for the women of America to see that this is done.

4. Opportunity for Women of America to Stop Squandering

The American women carry the balance of power to reestablish our solvency and security.

The American women elect our Presidents.

The American women own the major portion of America's diminishing resources.

The American women bear the sons who fight and die to win the wars on the battlefields that our politicians lose at the conference table.

The only hope for all Americans today is that an aroused citizenry, led by the women of America will stop our superspenders in Washington from brainwashing and bankrupting our country.

Never before have the women of our country been confronted with a greater responsibility and a more vital challenge.

5. Foreign Aid Now Costs $7.5 Billion Annually!

Since 1945 the United States has spent more than $70 billion on various types of foreign aid. This is the equivalent to one-quarter of our present staggering National Debt. The annual interest charge for this part of our debt is nearly $3 billion. Annual expenditures for our global giveaway are now running at the rate of $5 billion annually. With the interest charge the bill for foreign aid has now reached the astronomical total of $7.5 billion annually.

It was recently reported that our government collected $35 billion in personal income taxes, from 60 million taxpayers. This means that about 20% of each individual's taxes goes directly or indirectly toward the payment of the foreign aid bill.

Too few Americans are alert to the fact that the waste, extravagance and corruption in the expenditure of these funds by our foreign aid bureaucracy is excused, if not justified, by the Department of State on the ground that we are fighting Communism. Meanwhile, the entrenched bureaucracy remains undisturbed and the super-squandering continues unabated. How long will the people of this country absorb such punishment? How long can our institutions stand the strain?

In Europe, bankers, industrialists and the average citizen cannot understand the apathy of the American people. They cannot understand why there is no protest and opposition to the continued efforts of our politicians and "one world" pressure groups to spend us into bankruptcy through foreign bribery.

6. New Examples of Waste

Here are but a few examples of how our American dollars are being scattered throughout the world:

In 1954 the economy of the Bolivian Government was fast slipping. It received an injection of $12 million of Mutual Security aid. Today, five years and more than $120 million later, Bolivia is in worse shape than when the aid program was launched.

Last November, a 14 story super-deluxe hotel was opened in West Berlin. Cost to the American taxpayers $6,400,000. Marshall plan funds are being used to build other de-luxe hotels in India and elsewhere.

Foreign aid funds are paying to make over the desert in Southwest Afghanistan. One trouble with this project is the lack of water thereabouts. Another is that wandering Nomads in the Helmand Valley are not interested in making their desert bloom.

We continue to pour hundreds of millions into the Philippines and Korea without even attempting to stop corruption within the governments of those countries.

We continue to pour hundreds of millions into Yugoslavia and Poland despite the fact that we know that the Dictators who rule these Communist countries would turn against us in time of war.

We continue to pour hundreds of millions into Nehru's India. Our last gift, made at Christmas time, was accepted with the terse official comment: "Not enough."

India has received $325 million in grants and loans from us during the past fiscal year, yet she is not one step closer to us nor one step farther from Soviet Russia than when the giving began.

Our foreign aiders succeeded in getting rid of 300 million American dollars in Iran. The money went for a road that led to nowhere and for a dam that never materialized.

We gave millions of dollars to Iraq, after the Communist revolution there had succeeded and American Marines landed in Lebanon to protect it from Iraq.

Later, and after it had proclaimed its "neutrality," we gave the new government of Lebanon millions of dollars to assist its recovery from last summer's civil war.

In Southeast Asia our foreign aid builds libraries—the Communist stack these American libraries with Marxist books. The United States builds factories—the Kremlin dispatches union organizers and troublemakers to turn the workers against "Western Imperialism." The United States builds hospitals in remote areas—the Kremlin sends native nurses to inject the patients with communist ideology.

Last year, when Congress responded to the pleas and pressures from President Eisenhower and Secretary of State Dulles and voted excessive billions for Mutual Security, it assumed that these vast sums would be used exclusively to safeguard the United States from world communism.

Congress and 175,000,000 Americans were unaware of the fact

Continued on page 45

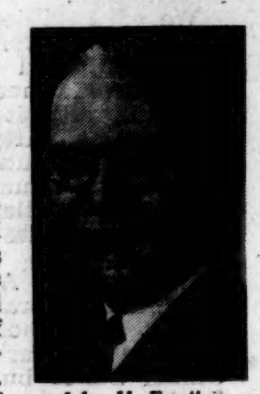
*An address by Mr. Castle before New York City Chapter, Daughters of the American Revolution, New York City,

Divergent Economic Interests and Canadian-U. S. Interdependence

By JOHN H. ENGLISH*
Deputy Minister of Trade and Commerce, Ottawa, Canada

Situations wherein Canadians feel the cards are sometimes stacked against them vis-a-vis the U. S. are candidly examined for the end objective of reaching a better understanding of each other's problems and interests. The Canadian official traces the sources of economic frictions and difficulties; protests against attempts to relegate his country to a marginal supplier position when there is temporary decline in demand; notes both countries' exporters have gained with growth and development of the two countries; and submits an eight point proposal for integrating U. S. subsidiaries more closely with the Canadian economy. All in all, Mr. English is convinced both countries are on the threshold of encouraging growth, and that divergent economic interests can be reconciled, to their mutual advantage, with Canadian-American interdependence through private and official efforts.

In the future as in the past the destinies of our two economies will be closely linked together. The interchange of goods and services, capital and know-how, between Canada and the United States is of basic importance to the prosperity of both countries and influences the pace and character of their economic growth. Millions of people on both sides of the border are dependent on the trade which flows across it. Hundreds of companies and thousands of private investors in Canada as well as in the United States have a stake in the success of enterprises on the other side of that celebrated demarcation line.



John H. English

This brings us to another of the enduring facts of Canadian-American relations — the border. We are two nations and there are many reasons, both in past history and in the present, why we will remain so. At one time considerable importance was attached in Canada to the "north-south pull" as a factor tending to divide our country and tie the different regions closely to the neighboring parts of the United States. In view of the heavy concentration of population along our common border, which stretches for close to 4,000 miles, it is natural that there should be a close affinity between the neighboring regions on either side of it. However, most parts of Canada also have strong traditional ties of trade and sentiment with overseas countries, notably the Commonwealth and Europe. Moreover, it should not be forgotten that the neighboring regions along the Canada-U. S. border frequently have similar climates and resources and are therefore competitors as well as customers of one another both in their own national markets and in the markets of the world. The forests in the Pacific Northwest, the cattle country in the foothills of the Rockies and the Prairie wheatlands all straddle the international border. The fishing grounds of the Grand Banks and the Atlantic coastal waters provide a livelihood for many in the New England States as well as the Atlantic Provinces. The principal manufacturing centers of Canada in Ontario and Quebec lie just across the St. Lawrence and the lower Great Lakes from the industrial heartland of the United States.

*An address by Mr. English to the Canadian-United States Business Conference on "Strengthening the Foundations of the Canadian-American Partnership" sponsored by the Canadian Chamber of Commerce and the Chamber of Commerce of the United States.

Traces Sources of Trade Friction

As you move away from the border, the differences of climate and resources increase, providing the basis for a great part of the trade between the two countries. Our abundant reserves of hydropower, forest products and metallic ores extend down to the border at some points but they are mainly concentrated in the more northerly regions. Here originate some of our major exports to the United States, such as aluminum and most of our newsprint, nonferrous metals and iron ore. Similarly two of our principal imports from the United States—cotton and citrus fruits are produced in the distant Southern States and California. There are, however, few commodities in our trade which fall into the same category as newsprint and cotton where the one country supplies almost the whole requirements of the other. In most fields the U. S. and Canada are both competitors and customers of one another. The balance between these two aspects of our relationship is continually changing as our economies grow and develop. This is in fact the source of many of the economic frictions and difficulties which arise between us.

At one time Canada was only a marginal supplier of non-ferrous metals to the United States. With the progressive exhaustion of high-grade reserves in the United States and the discovery of excellent deposits in Canada, we have come to provide an ever increasing share of American requirements of these metals. Under these conditions is it realistic to attempt to relegate us once more to the position of marginal suppliers when there is a temporary decline in demand? This, however, tends to be the effect of the restrictions imposed by the United States last fall on lead and zinc imports. We have also become a major exporter of petroleum to certain regions of the United States since the big oil discoveries in Alberta since 1948. Here, too, import restrictions have been instituted by the U. S. and the main burden of the recent decline in American consumption has been shifted to external suppliers. Trade barriers of this kind put back the clock and deny to both our countries the fruits of economic progress.

Another field in which economic growth and change has affected the relationship between our two countries is manufacturing industry. Before the first World War there were few branches of manufacturing in which we could compete successfully with U. S. producers. The stimulus of two world wars, the unprecedented growth of our population and the discovery of new energy sources have combined during the recent decades to make us a strong industrial nation. We are now selling a variety of manufactured goods in the United States. We would like to sell more, but frequently, high U. S. tariffs on manufactured goods prevent us from doing so. The United States has made much progress in reducing barriers to trade over the last two decades. We warmly welcome these developments. However, in the case of manufacturers many duties are still at prohibitive levels. Half a century ago it may have made good economic sense for Canada to export many of its raw materials to the United States and buy them back in the form of manufactured goods. This system is now out-dated, however, and it is not in the best interests of either of our countries to try to perpetuate it by artificial means.

Up to now I have been referring to the economic changes which have been working for the advantage of the Canadian exporter. A look at the figures of Canada-United States trade over the last two decades will show that the U. S. exporter has benefited as much or from the growth and development of our two countries. (From the five-year period 1935-39 to the five-year period 1954-58, U. S. sales to Canada have increased 8.7 times compared with an increase of 8.3 times in our exports to them.) The opening up of new resources in Canada and the expansion of our industries have resulted in a large demand for many types of capital equipment manufactured in the United States. The remarkably rapid growth of our population and rise in living standards have opened up great opportunities for American producers of certain consumer goods.

Canadians have in recent years been buying from the United States a good deal more than they have been selling. In 1956 and 1957 our commodity trade deficit with the United States was running at over $1 billion a year. Last year this deficit declined to $750 million, a figure which still gives us much cause for concern. The reduced trading deficit last year resulted from a lower rate of Canadian imports from the United States and not from a higher rate of exports. Thus it does not bring us much closer to a genuine and lasting solution of the problem. I am sure that Americans, like ourselves would prefer to see their trade balanced at a higher level rather than a lower one. The existence of this trade deficit is a challenge to Canadian exporters but their success in responding to it depends largely on obtaining freer access to the American market.

Canadians and Americans are competitors not only in their domestic markets but also in the markets of the world. As major trading nations, Canada and the United States frequently have similar interests and objectives. We would both like to see the European Common Market and the proposed Free Trade Area developed in an outward-looking rather than a restrictive way. We both have a big stake in the maintenance of the multilateral trading system and the progress of efforts to reduce trade barriers. We in Canada are particularly conscious of the crucial importance of U. S. leadership and initiative in this field. However, there are some matters on which as competitors in the world market we do not always see eye to eye. In spite of the diversification of our trade in recent years wheat still provides about 8% of our total export earnings. It is not surprising therefore that we have taken exception to the use of the huge financial resources of the U. S. treasury to find markets for and to subsidize exports of American wheat and flour in markets where we are a traditional supplier. We are not financially strong enough to use the selling methods employed by the United States. Besides we feel that exporting a large part of one's output on concessional term for a considerable period of time is bound to undermine the market. Over the long run it is of little advantage to the U. S. to reduce its own wheat surplus if the net effect is simply to add to ours. The ultimate success of U. S. surplus disposal policies therefore depends partly on the avoidance of any disruptive effects on the traditional markets of Canada and other producing nations.

Integrating U. S. Subsidiaries

There is another situation where Canadians feel the cards are sometimes stacked against them in their competition with U. S. producers for world markets. Some of our strongest and more efficient export industries are partly or wholly owned by U. S. interests. Usually they are given a completely free hand in competing for export business and it is not uncommon for them to be more successful than the parent company itself. In some cases, however, they are obliged to channel their export orders through the head office in the United States. It is discouraging to the Canadian export sales staff and to our Trade Commissioners overseas who have worked to win these orders to find that they have been diverted to plants in the United States.

This, of course, is all part of the problem of integrating U. S. subsidiaries more closely with the Canadian economy. My Minister recently suggested some ways in which this could be done, and I think it would be useful to repeat them in this forum, they are:

(1) Offering Canadians opportunities to buy equity stocks in the subsidiary companies operating in Canada.

(2) Encouraging and training Canadian personnel to take an increasing part in the management and professional positions in subsidiary corporations.

(3) Carrying out more research work and undertaking new development.

(4) Promoting exports from Canadian plants.

(5) Using as many Canadian materials and component parts in their Canadian operations as can be economically justified.

(6) Doing more processing of Canadian materials before export, where this can be done on a competitive basis.

(7) Giving local management greater autonomy in operating Canadian subsidiaries.

(8) Encouraging branch plants to participate more fully in the life of their communities.

United States subsidiaries may feel that they do not have to work so hard in Canada as in some other countries to identify themselves with national aims and objectives. Actually they need to work harder. Because the executive of a U. S. subsidiary talks like us and largely thinks like us, we are surprised if he does not also share our pride in Canadian achievements and our belief in Canadian technical skill, managerial ability and workmanship. The U. S. subidiary in Canada can play an important role in broadening and enriching the relationship between the two countries. The paradox, however, is that to do this, it must to some extent submerge its distinctively American character and become an integral part of the Canadian community.

It is not easy to reconcile the need to follow our sometimes divergent economic interests with the fact of Canadian-American interdependence. This requires some special qualities of mind which are unfortunately not always present and it is in this sphere particularly that there is room for improving the economic relations between our two countries. I would like to pay tribute to the valuable work the Chambers of Commerce are doing in helping to overcome ingrained attitudes and ideas which complicate the search for solutions to our economic problems.

Of course the best way of dealing with problems is to prevent them from arising in the first place. We can do this most effectively by facilitating a balanced expansion of the trade between our two countries and encouraging economic growth and development on both sides of the border. In this way our partnership will be strengthened and we shall be able to take full advantage of the economic opportunities which the future offers. Our two economies are just emerging with surprising resilience from the sharpest set-back of the postwar period. In physical terms national output was maintained in Canada last year at the same level as in 1957 while in the United States it declined by only 3%. We are now in the initial stages of what appears to be a broadly based upswing although the improvement in business conditions may tend to be masked in the next month or two by normal seasonal influences. In both countries consumer spending is one of the brightest spots in the economic picture. This seems to suggest that among our two peoples there is no lack of confidence about the prospects for the period immediately ahead.

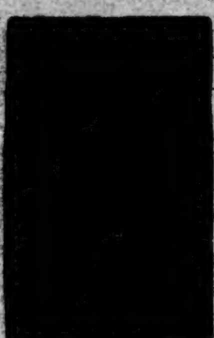
Looking into the more distant future, I believe we are on the threshold of a period of renewed economic growth. It appears that the rate of development may be somewhat greater in Canada than in the United States. In some respects we are still an underdeveloped country. We still have a frontier in the north and there is considerable scope for increasing and diversifying our manufacturing industries and expanding our service industries. Thus, if Canada and the United States work together there will be many possibilities in the future for expanding trade and broadening economic co-operation between us. However, the task of fostering this interchange is not alone the responsibility of government. It will require the imagination and concerted efforts of people in different walks of life on both sides of the border.

Advice on What to Expect When Receiving Advice

By ROGER W. BABSON

Well qualified by years of experience to advise on the range of Investment Advisory Service's usefulness, Mr. Babson clearly indicates what one should or should not expect from an investment advisor and any advertising claims he may make. Mr. Babson insists "caution" means cease carrying stocks on margin.

How high the Dow-Jones Industrial Average will go, no one knows. When anyone disputes me on this, I write back and ask him for his personal investment record for 1929, 1937, and 1942. How much money has he personally made and kept? With one exception, I have never had a reply!



Roger W. Babson

It is okay for any investment advisor to guess as to the "odds" that are ahead; but to dogmatically say that the stock average will go through 650 or 700 during 1959 is a very foolish statement. Such a statement is even dangerous to give to an inexperienced investor. It shows lack of experience on the part of the advisor if he makes such a definite forecast. If he does so for pay, or for some ulterior motive, it is almost like obtaining money under false pretenses.

An investment advisor can give the relative "value" of 400 stocks and recommend which one is probably the best "buy," **based upon all visible and known barometers. But no "value" or other line of study can foresee the unforeseeable.** Over fifty years of such study show that some unexpected event always has turned a bull market into a bear market, or vice versa. Also, remember that for every **buyer** there must be a **seller** of each stock traded each day. When the stock market is going up there are more **buyers impatient** to buy than there are **sellers** impatient to sell; but generally speaking, the "bulls" and "bears" are about equal in numbers—certainly so, on a day when the averages show no change.

What Caution Signifies

An investment advisor is justified in recommending at times that his subscribers use **caution.** This advice can be interpreted in many ways; but it surely means that the invester should get out of debt when his advisor urges **"caution."** This especially means that one should not carry stocks on margin if the majority of such advisors are urging "caution." Stocks held should be paid for, and should be kept in one's safe-deposit box.

One other fact to remember: Don't judge any Investment Advisory Service by its advertising only. It advertises in order to get "leads" for subscribers. It is hard to get such leads without some optimistic hope in the advertisement.

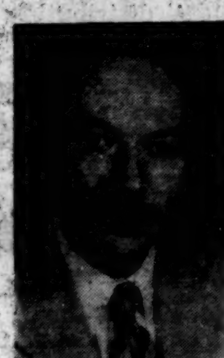
Getting Something for Nothing

The farmer is justified in hanging a carrot over his mule's head, —some feet from the mule's nose. But ultimately the farmer must give the mule the carrot. Therefore, although most investment advisors hold out hope in their ads, they will give you their honest opinion — which may be either bullish or bearish—when you subscribe to their Service. Hence, it might be wise when answering such an advertisement to tell the advertiser that you do not have money enough to subscribe to his service, but that you would appreciate a short letter from him telling you whether it is bullish or bearish or "on balance." Ask him to send you a bill for such an opinion, **which should be definite.**

The first lesson which every investor should learn is that he cannot "get something for nothing" from an investment advisor, or a broker, or anyone else. You ask a banker for an opinion on the stock market and, if you are a good depositor, he will invite you to sit at his desk and will try to give you some honest advice. If, however, you expect to get good free advice from him at a cocktail party, you will find you are mistaken.

Maurice Hart 30 Yrs. With N. Y. Hanseatic

Maurice Hart, Vice-President and Manager of the Trading Department of the investment firm of New York Hanseatic Corporation, 120 Broadway, New York City, is currently observing his 30th year with the firm.



Maurice Hart

Mr. Hart supervises and manages one of the largest Over-the-Counter trading departments in the country. He started his career in Wall Street in 1921.

Gay V. Land Joins Lambert & Co.

Gay V. Land has joined the New York capital investment firm of Lambert & Co. as a general partner, it has been announced by Jean Lambert, Managing Partner. Mr. Land is also becoming a general partner of an affiliated firm, Lambert Oil Exploration Co.

He has resigned, as of March 23, his positions of Vice-President of American Metal Climax, Inc. and President and Chief Executive Officer of American Metal Climax Petroleum Corp., but will continue as a director of the latter organization.

G. G. Amsterdam Now Chmn of Bankers Secs.

PHILADELPHIA, Pa.—Gustave G. Amsterdam has been named Chairman of the Board of Bankers Securities Corp., 1315 Walnut St., as well as President. He succeeds Albert M. Greenfield, who has retired as Chairman. Mr. Greenfield becomes Honorary Chairman and will remain as a director of the firm.

With Jack Dusapin

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Harold S. Carroll, Jr. has been added to the staff of Jack P. Dusapin, 506 Juniper Avenue.

When Can Congress Reduce Federal Taxes?

By ROSWELL MAGILL*

Formerly Under Secretary of the Treasury

Tax authority reminds "we cannot have it both ways," namely *both* increased expenditures and decreased taxes; in fact, government's adoption of all the good things proposed must eventually entail heavy tax increases—plus a drastically declining dollar. Points out that large spending increases have occurred outside of the national security area, and hence there exists the opportunity for real savings. Sees President's new budget as short step in the right direction, particularly in expanding local participation, encouraging private financing of credit programs and re-proposing "item veto" procedure. Specifying existing tax burdens, Mr. Magill asserts relief must await reduction of unnecessary expenditures, concluding unless Congress can really get the budget under control, "tax reduction is just a will of the wisp."

The United States currently presents the strange spectacle of a country spending billions to convince the world that its form of government and way of life is preferable to any other; while at the same time, its citizens are unwilling or unable to provide their own Federal Government with the money it requires to pay current government expenditures. The result is a great budget deficit for the year, currently estimated to be at least $12 billion. There is a strong undercurrent of demand for tax relief: at the same time there is demand for more Federal expenditures for schools, for farm relief, for subsidized housing, for highways, for airports, and so on.

Roswell Magill

Our imaginations envision more good things in life than ever before, to be bought for us by the Federal Government. We want the Federal Government to buy them, not our own states nor our own cities, because we think of the Federal Government as possessing unlimited funds, which we surely do not think of ourselves as providing. At the same time, we want that distant government to cut down on taxes which we are well aware that we have to pay. We would like to retain more of the incomes we earn to spend or to save as we may choose ourselves.

It seems plain that we cannot have it both ways. We cannot have *increased* federal expenditures, even for very good purposes; and at the same time have *decreased* taxes. Indeed, we cannot afford all the good things currently being proposed, without heavy tax increases sooner or later. Moreover, if the Federal Government continues to spend more than it collects in taxes, one consequence will be a dollar steadily declining in value: to 50 cents, to 25 cents, even to 10 cents or one cent. What are possible solutions of these very grave fiscal problems? How can we balance the Federal budget in 1960? How can we ever secure tax relief?

I

Federal Expenditures Can Be Reduced

The figures in the budget show that total Federal expenditures have increased nearly $15.5 billion since fiscal 1952. (Total expenditures were $44 billion in fiscal 1951; $65.4 billion in fiscal 1952; $80.9 billion in fiscal 1959.) Only $2 billion of that increase can be charged to "major national security." The item labeled "international affairs and finance" has gone up about $900 million. The big budget increases are in "agriculture"—that is, farm parity payments, up $5.7 billion; "labor and welfare," doubled to $4.4 billion; "commerce and housing," up $900 million; "veterans' services" and "natural resources," up $300 million each; "interest," up $1.7 billion; "general government," up $200 million.

So far as national security is concerned, unless it can be clearly demonstrated that proposed expenditures are inadequate and dangerous, we really have no choice except to go along with the experts in the Administration. Secretary McElroy and others have explained that the "Department of Defense, by concentrating efforts on the more advanced and more promising weapons systems, continues to increase substantially the combat capabilities of the military forces *with a relatively small increase in the overall cost of defense.*" That statement indicates that we are spending what is needed for national security; and you and I have no knowledge to gainsay it. By putting priorities on various kinds of military spending—putting first things like missiles first—this budget does with military spending what is badly needed in the rest of the budget.

The domestic, nondefense portion of the budget is, then, the part we need to scrutinize most carefully, for it is here that real savings can be made. We must start with the premise that every proposed expenditure is good for some portion of the population. Each item has its ardent defenders. But when we are confronted with the necessity for spending much over half of expected Federal revenues on national defense, a cost whose necessity and whose size is determined by world events beyond our control, should not Congress be most careful to fit domestic expenditures within the remaining government revenue available to meet them? Particularly when our economy is prosperous, and the Federal Government is already collecting taxes at a great rate, can Congress justify increasing Federal expenditures for domestic purposes above and beyond anticipated tax receipts? Granted that there are many useful and desirable programs on which more money could be spent, should not Congress withhold approval of them until we really have money to spare; until after defense expenditures have gone down enough, or receipts have increased enough, to make a real surplus available?

On this premise, the President's newly proposed budget for fiscal 1960 is a step in the right direction. It is not a very long step, but it is a step. For the first time in several years, the new budget represents a vigorous attempt to halt the steady rise of Federal spending and the increasing domination of Federal activities over our lives and pocketbooks. This

Continued on page 44

*An address before the New York State Chamber of Commerce, New York City.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks went through a week of much backing and filling, with turnover sliding below the three million mark for the first time in more than a month and only the third time this year that it has been below that level.

* * *

The approach of a long holiday weekend — with exchanges shut down on Good Friday—made for much caution and the indecisive markets were an added prod to force traders to the sidelines to await some more decisive indication.

* * *

Industrials did slide through something of a resistance level but the declining volume didn't make it very clearcut. Several times their average had bumped something of a bottom around 605 but an early selling wave carried it a couple of points under to make a new reaction low. There wasn't any follow-through to the pressure, however, and the meaning of it all was still vague.

* * *

One other change was a marked increase in the new lows being reported but this was more to the switch to a 1959 basis only, against the 1958-59 composite low picture that is retained normally until March until the list has had time to build up something of a representative range for the new year.

Ups and Downs in the Electronics

Interest in the electronic-TV issues continued high when the going was good although they were also cut back rather hard when pressure was around. Zenith Radio continued its wide moves both ways, moves of a dozen points per session being commonplace. It showed no intention of tangling with its 1959 high which was a neat 100 points above the low to indicate how wide-swinging the issue has been recently.

* * *

Siegler in the pure electronics section was prominent in that it guaranteed an appearance on the new highs list of the week by early strength and Texas Instruments, which also felt the weight of profit-taking at times, showed a good ability to snap back when the pressure lifted.

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An erratic item, and something of a misnomer in the "coal" group is Philadelphia & Reading which was the butt of many varied associations for likely merger. But the familiar names with which it was linked proved to be wide of the mark when the official announcement named two surprise acquisitions, Blue Ridge Mfg. and S. Rosenbloom, Inc. "Philadelphia," which long ago via merger moved into the underwear and boot business, by this stroke added work and play clothing and sport and dress shirts to its line. This, apparently, was not what the market was expecting and Philadelphia & Reading had some rough market action after the announcement.

* * *

The oils-gas section was still largely neglected, although an occasional gas item was able to stir. The price inaction here was also something of a drag on Cooper-Bessemer which is an important supplier to oil and gas companies, supplying engines and compressors. Like business generally Cooper-Bessemer suffered a bit last year but has been doing far better lately.

Improvement Ahead

The earnings projections for this year indicate that Cooper-Bessemer will be able to improve by a dollar or more the per share results that came to $2.54 last year. More important to the long-range picture in this company is that natural gas companies had sharply cut back their pipeline work following the restrictive Memphis Decision and the reversal of this was a bit unexpected and caught the companies without plans to resume such work. The full benefits of a pickup in pipeline work, and the important benefit to Cooper-Bessemer, won't start to be apparent until next year and later. All of the uncertainties have kept the issue at a moderate 12-times anticipated 1959 earnings with a yield nudging 4% despite a strong financial position. It is not, consequently, one of the many that has already discounted much good news in the future.

* * *

Another largely neglected issue, which seems to have an entirely different story behind it when this year's business recovery shows up in the figures, is Yale & Towne which is one of the two largest materials handling equipment makers. The company is on record as anticipating a 25% increase in sales this year of its equipment handling lines. To the public the company is more associated with its locks but the hardware line has long since given way to the equipment one as the important part of the business. The $1.50 dividend is expected to be earned with at least a dollar to spare this year. It provides a return of nearly 5% at recent market prices.

Neglected Diversifier

Glidden Co. is another pedestrian issue with a name that offers little indication of what its activities are and the neglect is reflected in a yield above 4%. Despite the inactivity, Glidden is a factor in the titanium field which has been enough of a romance association in other companies to spur them marketwise.

Apart from the titanium activity, where facilities were recently doubled with a new, efficient plant, Glidden is a factor in the paint, food and chemical lines. The company has gone through a transformation to eliminate unprofitable divisions and activities and replace obsolete, high-cost facilities with modern low-cost ones. In all about $40 millions were spent on this improvement plan in the last five years. For the current fiscal year the company is being projected to an improvement in earnings from $2.80 in 1958 of at least half a dollar which will easily cover the $2 dividend. The paint and food activities account for around 85% of sales about evenly divided.

Motors Erratic

Autos had little sustained following and, in fact, because of the switch to highs-lows for 1959 were only a bit prominent on the new lows list but here it was mostly a case of narrow ranges. American Motors continued to weave an uncertain course on the prospects of big-time competition from the small car entries of the Big Three. In the latter group the advocates were about divided between Chrysler for the more dynamic rebound because of its low capitalization, and Ford which seems to be having the best year of the three giants. Ford was a bit restrained by prospects of a couple of million more shares coming into the market from the Ford Foundation which, to its followers, meant a buying opportunity that is screening its sales success with the 1959 models.

* * *

Lehman Corp. which is a closed-end investment company, and therefore theoretically static in size, has been growing through the purchase of tightly-held other investment and family holding companies. It acquired three last year adding their $9 million assets to its own and so far this year is already acquiring one more. Like funds generally, Lehman's strong point is its diversification that is the prime advantage.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

PHILADELPHIA NATIONAL BANK

The origin of Philadelphia National Bank goes back to just after the turn of the eighteenth into the nineteenth century; in other words, in 1803. At that time politics bedeviled business to a great extent, and the handful of banks that had started operations confined their business to the merchants who were on the same side of the political fence. In any case, banking facilities were not numerous, and this fact led to the opening of a number of them at about that time.

Another rather compelling force so far as organizing new ones was concerned was the usurious rates of interest charges that prevailed. Many private discounters and lenders charged the heavy rates of 5% per month, for there were in those days no laws to punish usury.

The opposition succeeded in weaning some prospective subscribers from the new venture, and of the $100,000 initial capital to be raised $96,490 was signed up. The remnant of capital was then taken by John Welsh and five other directors, and the new bank was on its way. It prospered, and in due course took out a charter under the National Banking Act, in 1864.

Statement of Condition — December 31, 1958

ASSETS		LIABILITIES		
Cash & Due from Banks	$331,981,375	Deposits		$994,955,654
U. S. Govt. Securities	208,916,085	Acceptances, Net		5,810,264
State & Municipal Securs.	82,960,018	Reserve for Taxes		5,266,686
Other Securities	18,139,035	Reserve for Dividend		1,456,297
Loans and Discounts	439,556,457	Other Liabilities		9,143,054
Bank Building, etc.	13,699,297	Capital	$26,478,125	
Customs.' Liab. on Accept.	5,423,615	Surplus	48,521,875	
Other Assets	5,002,326	Undiv. Profit	13,846,253	88,846,253
	$1,105,478,208			$1,105,478,208

A break-down of these assets into principal categories follows:

Cash	30.0%
U. S. Government Obligations	18.9
Other Securities	9.1
Loans and Discount	39.9
Bank Buildings, etc.	1.2
Miscellaneous Assets	0.9

A distribution of the bank's government bond holdings by maturity groups is: Up to five years, 23.36%; Five to ten years, 75.45%; Over ten years, 1.19%.

The 1958 sources of gross income were:

Interest and Discount on Loans	64.61%
Interest on U. S. Governm't Obligations	16.32
Interest on Other Securities	6.52
Other Operating Earnings	12.55

The average rate of return on loans and on investments for the five years ended Dec. 31, 1958 is as follows:

	1954 %	1955 %	1956 %	1957 %	1958 %
Interest & Discount on Loans—					
Domestic—Loans & Discounts	3.69	3.84	4.37	4.81	4.76
Foreign—Loans & Acceptances	2.55	2.90	3.43	4.08	3.30
Totals	3.64	3.78	4.34	4.79	4.70
Interest & Div. on Securities in Investment Portfolio—					
United States Government	1.98	2.15	2.21	2.30	2.49
Municipal and Other	1.97	2.03	2.25	2.41	2.43
Totals	1.98	2.11	2.22	2.33	2.47

The 1958 rate of return on total loans and acceptances was about 29% greater than in 1954; and comparing the same years in the investment category we get an improvement of about 25%.

Philadelphia National, originally designated as a "wholesaler," has more recently gone into branch banking and has enlarged its retail operations through the 24 branches maintained.

Ten-Year Statistical Record — Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividends	Price Range High	Price Range Low
1949	$29.08	$2.37	$197	$1.67	32⅝	29⅛
1950	29.84	2.46	211	1.67	35½	31¼
1951	30.46	2.36	275	1.67	35	32⅛
1952	31.43	2.69	282	1.67	37	33⅞
1953	32.50	2.79	266	1.67	37¾	33⅞
1954	32.00	2.69	283	1.67	39⅜	33⅞
1955	32.73	2.50	280	1.67	43⅞	38⅜
1956	32.77	2.82	275	1.67	42	35
1957	32.77	3.14	266	1.76	38¼	31¾
1958	33.55	2.91	290	1.90	43	32¼

* Adjusted for 3-for-1 stock split in 1957.

There are outstanding 2,647,812 shares of stock of $10 par value per share.

Philadelphia National Bank ranks as a conservative investment among bank stocks.

NEWS ABOUT BANKS AND BANKERS

- CONSOLIDATIONS
- NEW BRANCHES
- NEW OFFICERS, ETC.
- REVISED CAPITALIZATIONS

Richard S. Reynolds, Jr. has been elected a Director of **Manufacturers Trust Company, New York**, it was announced March 25 by Horace C. Flanigan, Chairman of the Board.

Mr. Reynolds is President of Reynolds Metals Company and of United States Foil Company. He recently was elected a member of the Board of Directors of the British Aluminium Co., Limited and is also a Director of Reynolds T. I. Aluminium, Limited of England. He is Chairman of the Executive Committee of Robertshaw-Fulton Controls Company; Chairman of the Board of Reynolds Jamaica Mines, Ltd.; a Director of Central National Bank, Richmond, Va., and a former President of the Aluminum Association.

* * *

A new revolving credit plan with checking privileges will be offered soon by **Chemical Corn Exchange Bank, New York**, Chairman Harold H. Helm announced on March 25.

The new service will be known as "Chemical Check - Credit." Chemical will begin to accept applications on April 15 and expects to make the resulting approved lines of credit available on May 1.

Chemical's Check-Credit will provide individuals with a reservoir of borrowing power in amounts ranging up to $5,000. The credit outstanding in any account may be drawn upon by the holder at any time, for any purpose, through the use of personally imprinted checks affording privacy and convenience to the holder.

Interest will be charged only on the amount of the credit line used and outstanding. The life of the borrower is covered by group life insurance at a slight additional cost for the unpaid balance of his account.

Chemical's Check-Credit service is based on a plan originated by The First National Bank of Boston and differs from other plans recently adopted in the banking industry in that monthly billings to the customer, in most cases, will be equal to one-twelfth of the credit that has been used, rather than a fixed payment of one-twelfth of the credit line granted to the customer.

Regular or special checking account customers of Chemical will be offered the opportunity of having repayments to a Check-Credit account automatically deducted from their checking account balance.

In announcing this newest addition to Chemical's popular "Gold Medal Services" Mr. Helm indicated that the bank would welcome applications, beginning April 15, from anyone over 21 years of age, who lives or works in Greater New York and has a source of steady income.

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Robert Van Buren has been promoted from Assistant Secretary to Assistant Vice-President of **Chemical Corn Exchange Bank, New York**, it was announced by Harold H. Helm, Chairman. Mr. Van Buren is affiliated with the bank's National Division.

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P. Hurley Bogardus was elected a Vice-President of **J. P. Morgan & Co., New York.**

* * *

Arthur J. Martel, Executive Vice-President of **North Side Savings Bank, New York**, was elected a trustee.

* * *

The Board of Trustees of **The Dime Savings Bank of Brooklyn, N. Y.**, announced the designation of Mr. Clinton L. Miller, Vice-President, as Secretary of the bank.

Mr. Thomas S. Sites, a Senior Vice-President who has heretofore also held the office of Secretary, has been relieved of this function so that he may devote more time to assisting the President and the Chairman in the overall administration of the bank's affairs.

Mr. Miller's new title is Vice-President and Secretary.

* * *

DeHaven Develin, President of **The Bryn Mawr Trust Company, Bryn Mawr, Pa.**, announced that James Kennedy has been appointed an Assistant Trust Officer of the Company. Before joining The Bryn Mawr Trust Company in October, 1958, Mr. Kennedy was associated with the **Camden Trust Company, Camden, N. J.**

* * *

Robert B. Hobbs was elected Chairman of the Board of **First National Bank of Baltimore, Md.**, to succeed James D. Harrison, who is retiring.

* * *

The Uptown National Bank, of Chicago, Ill., has received formal approval from the Comptroller of Currency of the United States of its increase in common stock to $1,750,000 by the declaration of a stock dividend of $250,000 in common shares and the sale of additional shares of a par value of $250,000.

* * *

Howard P. Parshall, President of the **Bank of the Commonwealth, Detroit, Mich.**, announced March 25 the date for groundbreaking ceremonies of the new Auto Bank on the northwest corner of Fort and Wayne.

Work began early in February on the downtown drive-in bank that will be the 27th office for Bank of the Commonwealth. It is expected to be completed by July 15, 1959.

The Auto Bank marks a first for Bank of the Commonwealth—it is the first drive-in banking facility to be built in the downtown area.

* * *

Construction of two temporary branch offices of **The Michigan Bank, Detroit, Mich.**, is now underway according to John C. Hay, President. Both structures are scheduled for completion in mid-April and will serve as branch banks until permanent buildings are completed at these sites early this fall. With the addition of the two new branches, The Michigan Bank will have nine branch offices. Its main office is in the Guardian Building.

* * *

Plans for the opening of a new bank in Fulton, Mo., are moving ahead with the preliminary approval of the proposed new bank's charter by national banking authorities, it was announced by Roy Landrum, Chairman of the organization committee. The new bank will be known as the **Fulton National Bank.**

Mr. Landrum, who is President of the **Bank of Mountain View, Mountain View, Mo.**, also announced that a group of leading citizens have already subscribed a large portion of the capital funds required for the organization of the new bank, which will have a capital structure of $400,000. The proposed new bank has also received stock subscriptions from several hundred residents in the community.

* * *

J. M. Fischer has been elected Vice-President at the head office of **Bank of America, San Francisco, Calif.**

* * *

In the near future **Crocker-Anglo National Bank, San Francisco, Calif.**, will make available to the public in the Bay Area a check credit service through which it will be possible to establish a line of personal credit usable anywhere for any purpose, it was announced on March 23 by President Paul E. Hoover.

"The new service will make it possible to obtain credit merely by writing a check," Mr. Hoover explained. "Applicants who qualify will find it particularly versatile because they will not be limited as to the number or location of outlets at which they can trade; merchants will find it attractive because there will be no charge to them and their customers will be paying them with readily-negotiable checks. Applicants need not be customers of the bank and accounts may be opened at any of our offices in the Bay Area," said Hoover. "It is our intention to extend the service to other areas later."

Further details, and the inauguration date of the new service, will be announced by Crocker-Anglo within the next several weeks.

* * *

The board of directors, **Citizens National Bank, Los Angeles, Calif.**, has promoted five officers of the bank's Trust Department. Announcement was made by Roy A. Britt, President.

John W. Pring moved up from Trust Officer to Vice-President and Trust Officer; Homer Newman, from Assistant Trust Officer to Trust Officer; Byron Frederick, from Assistant Secretary to Assistant Trust Officer; Charles Redding, from Assistant Secretary to Assistant Trust Officer; and Warren Wilson, from Assistant Secretary to Assistant Trust Officer.

* * *

Arthur C. Jensen has been elected Chairman of the Board and Chairman of the Executive Committee, of the **Bank of Montreal, Canada.** Other elections were, G. Arnold Hart as President and Chief Executive Officer.

* * *

Stockholders of record March 26 will be offered by the **Banque Canadienne Nationale Montreal, Canada** the right to purchase additional stock at $40 a share on the basis of three new shares for each seven held. The offer will expire June 25.

If the rights are fully exercised the bank's 700,000 shares of $10 par stock outstanding would be raised to 1,000,000 shares.

James C. Lear Heads Bd. Club of Pittsburgh

PITTSBURGH, Pa.—It has been announced that James C. Lear, partner of Reed, Lear & Co., has been elected President of The Bond Club of Pittsburgh to serve for the ensuing year. Other officers elected with Mr. Lear were Duane G. Barbour, Merrill Lynch, Pierce, Fenner & Smith, Inc., Vice-President; Frank H. Hunter, McKelvy & Co., Treasurer; James J. Anfang, Cunningham, Schmertz & Co., Secretary. John S. Patton, McJunkin, Patton & Co., and Frank M. Tiernan, Preston, Watt & Schoyer, were elected to the Board of Governors for two-year terms, and William G. Simpson for a one-year term. H. Sheldon Parker, Kay, Richards & Co., and Frederick W. Willey, Stroud & Company, Incorporated, continue to serve on Board of Governors.

James C. Lear

CORRECTION

In the "Chronicle" of Feb. 19, page 14, there appeared an address by Donald R. Belcher who is currently reviewing budgetary procedures at University of Pennsylvania. In setting forth the author's previous associations in business, the government and as a Professor at the University of California, it was stated that he had served as Treasurer of the American Telephone & Telegraph Co. for a period of 33 years. This was in error in that his tenure in that capacity with the company was 7 years.

With Morfeld, Moss

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Harry J. Kauffman is now affiliated with Morfeld, Moss & Hartnett, 721 Olive Street, members of the Midwest Stock Exchange.

Nat'l Bank Women Schedule Meetings

Six Regional Conferences are scheduled for the Spring of 1959 by the 12 Divisions of the National Association of Bank Women according to Charlotte A. Engel, President. Miss Engel is a Trust Officer at The National Savings and Trust Company in Washington, D. C.

It is anticipated that a large number of the 10,500 women bank officers in the United States will attend and participate in these Regional Conferences. The programs will present speakers and discussions related to the many areas of bank services and operations.

1959 Spring Conference Schedule

April 10, 11, and 12—
ARLINGTON HOTEL
Hot Springs National Park
Hot Springs, Ark.

General Conference Chairman:
Mrs. Marvin Park, Vice-President and Cashier, Bank of Cabot, Cabot, Ark.

Southwestern Division (Arkansas, Oklahoma, Texas)—
Regional Vice-President: Miss Ruth Haliburton, Asst. Vice-President, First State Bank, Vega, Texas.

April 17, 18, and 19—
FORT SUMTER HOTEL
Charleston, S. C.

General Conference Chairman:
Miss Mary M. Hart, Assistant Cashier, Peoples National Bank, Conway, S. C.

Southern Division (Alabama, Louisiana, Kentucky, Mississippi, Tennessee)—
Regional Vice-President: Mrs. Alma G. Reese, Assist. Vice President, Northern Bank of Tennessee, Clarksville, Tenn.

Southeastern Division (Florida, Georgia, North and South Carolina)—
Regional Vice - President: Mrs. Jewel Breland Baskin, Assistant Cashier, The Citizens & Southern National Bank of S. C., Columbia, S. C.

May 1, 2, and 3—
POCONO MANOR INN
Pocono, Pa.

General Conference Chairman:
Miss A. Joyce Rutt, Secretary, Stroudsburg Security Trust Company, Stroudsburg, Pa.

Middle Atlantic Division (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia)—
Regional Vice - President: Mrs. Betty E. Ingram, Assist. Vice-President and Secretary, The Altoona Trust Co., Altoona, Pennsylvania.

New England Division (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)—
Regional Vice - President: Mrs. Pauline B. Edgecomb, Trust Officer, The New England Trust Co., Boston, Mass.

North Atlantic Division (New Jersey and New York)—
Regional Vice - President: Miss Pearl Gaulette, Assistant Secretary, Bank of America, New York City, N. Y.

May 8 and 9—
NETHERLAND HILTON HOTEL
Cincinnati, Ohio

General Conference Chairman:
Miss Virginia Engelken, Assist. Secretary, The Central Trust Company, Cincinnati, Ohio.

Lake Division (Illinois, Indiana, Michigan, Ohio)—
Regional Vice - President: Miss Hilda H. Kollmann, Director, Vice-President and Cashier, State Bank of Blue Island, Blue Island, Ill.

Mid-West Division (Iowa, Kansas, Missouri, Nebraska)—
Regional Vice - President: Mrs. Dorothy Traugott, Vice-Pres. and Director, Farmers Exchange Bank, Parkville, Mo.

North Central Division (Minnesota, North and South Dakota, Wisconsin)—
Regional Vice - President: Miss Frances Baker, First National Bank, Minneapolis, Minn.

May 9 and 10—
EL CORTEZ
San Diego, Calif.

General Conference Chairman:
Miss Barbara J. Maxwell, Assistant Cashier, The First National Trust & Savings Bank, 1007 Fifth Avenue, San Diego 12, Calif.

Rocky Mountain Division (Colorado, New Mexico, Utah, Wyoming)—
Regional Vice - President: Mrs. Maxine R. Melcher, Assistant Vice-President, The Greeley National Bank, Greeley, Colo.

Western Division (Arizona, California, Hawaii, Nevada)—
Regional Vice - President: Mrs. Florence D. Littlefield, Escrow Officer, California Bank, Hollywood 38, Calif.

May 16 and 17—
OLYMPIC HOTEL
Seattle, Wash.

General Conference Chairman:
Mrs. Margaret C. Johnson, Assistant Secretary, Washington Mutual Savings Bank, Seattle 1, Washington.

Northwestern Division (Alaska, Idaho, Montana, Oregon, Washington)—
Regional Vice - President: Miss Margaret Corrigan, Washington Mutual Savings Bank, Seattle 1, Washington.

The Thirty-Seventh Annual Convention of the Association will be held on September 23-25 in Milwaukee.

Joins R. E. Bernhard

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Leland Inaba has joined the staff of R. E. Bernhard & Company, 170 South Beverly Drive. He was formerly with Murray Hill Investment Co.

Now With Glore, Evans

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Dale B. Fleischmann is now associated with Glore, Evans & Co., 1722 Westwood Boulevard. He was formerly with Toboco & Co., Inc.

Now With Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harold Stein and Douglas T. Wilson are now connected with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Pacific Coast Stock Exchanges. Mr. Stein was formerly with Marache, Dofflemyre & Co.

Election Economics in Britain

By PAUL EINZIG

British correspondent presents an impressive array of arguments in favor of an early election and those in favor of deferring the election until Autumn which, except for the Summit Meeting-argument, revolve primarily around economic considerations. The writer observes that were there no election uncertainty the pace of economic recovery would have been more rapid than it has been.

LONDON, Eng. — Seldom has there been such close inter-relationship between economic developments and election prospects in Britain as there is at the present time. The relationship is mutual and reciprocal. The probable date chosen by the Prime Minister for the general election and the views taken about its probable result strongly influence business prospects and the Stock Exchange. Conversely, Mr. Macmillan's choice of the date and the prospects of a Conservative victory depend in turn on the trend of business activity. It is no wonder every stockbroker, investor, speculator, banker and industrialist follows very closely the fluctuating prospects of an early general election and the fluctuating prospects of a Conservative victory.

Dr. Paul Einzig

Factors Prompting Election Optimism

Election prospects are the favorite topic of conversation wherever businessmen meet. They receive a more than usual degree of attention in the financial press. The results of public opinion surveys are awaited with keen interest on the Stock Exchange. In at least one recent instance there appeared to be indications that in some quarters there was unusually intelligent anticipation of the results before they appeared in print.

Sentiment in business circles was until recently strongly against an early election. It was feared that owing to relatively high unemployment the Government's chances of being confirmed in office would not be too high, and for this reason it was considered expedient to wait till the autumn in the hope of a further decline in unemployment. There was, however, recently a marked improvement in the unemployment situation, and for this reason the number of those politicians and businessmen who think that Mr. Macmillan will, or at any rate ought to, decide in favor of a spring election, has increased considerably.

Another reason why the idea of an early election is popular is that up to the present business recovery has not been accompanied by any noteworthy increase in the cost of living. The official cost of living index is about 2½% higher than it was 12 months ago. This compares with an average increase of about 5% a year during the previous 10 years. It is feared—and not without reason—that the improvement of the unemployment position between now and October would be accompanied by a rise in the cost of living. This would mean that the Government would win a number of working-class votes influenced by the employment position but it would lose a number of middle-class votes influenced by the cost of living position. Whether on balance there would be a net gain or a net loss is quite uncertain.

Relaxation of the international political tension also favors an early election. It is true, assuming that the Foreign Ministers' Conference will begin on May 11th a spring election would presumably take place in the middle of that Conference. This is no reason, however, for a postponement of the election. It would be otherwise if the Summit Meeting itself were to begin in May. The Prime Minister's presence in the country during the electoral campaign would be indispensible. On the other hand, there is no reason why the Foreign Secretary should not stay in Geneva and pay only one or two flying visits to his constituents. Since there is no likelihood of a summit meeting until the early summer a spring general election would not clash with it. Indeed, it is a powerful argument that Mr. Macmillan's mandate should be confirmed at the general election to enable him to represent his country at the Summit Meeting with greater authority.

The Labor Situation

The labor situation too appears to favor an early election. During recent months the number and extent of wage increases has not been unduly excessive owing to the stability of the cost of living and the persistence of the business recession. But quite recently the unions representing transport employees came forward with a demand for a substantial wage increase. There is not a shadow of justification for this claim. The railways are running at a loss and the wage increase would either mean an inflationary increase of transport charges or an inflationary subsidy in some form or other. Moreover, if an increase is granted to transport workers it would initiate another round of wage increases. The rise in the cost of living would become accentuated and inflation would resume the course at which it was proceding before it was slowed down by Mr. Thorneycroft's disinflationary measures in 1957.

It is possible that the Government will feel tempted to concede some increase in order to accelerate the recovery from the business recession. Should it do so it would inevitably antagonise the middle class voters whose attitude is largely determined by the cost of living. On the other hand, should the Government instruct the Transport Commission to reject categorically the wage demand it would antagonise its supporters among the working classes. Since it is bound to take several months before the wage dispute will develop to a decisive stage the Government would have time to get over the general election without having to commit itself in either direction. Should the general election be postponed, however, to the autumn by that time the Government would have to show its hand and would be bound to lose votes in consequence.

In spite of the powerful array of arguments in favor of an early election it is by no means certain that Mr. Macmillan will decide in that sense. The results of recent by-elections are inconclusive; those of recent public surveys are not sufficiently encouraging to make an early election appear reasonably safe. But Mr. Macmillan need not make up his mind until after the budget by which time business recovery may have made further progress. Budget concessions too, are liable to influence many people who would be inclined to vote Conservative, not indeed out of gratitude for the tax concessions but for fear that a Labor Government would restore high taxation.

Effect on Economic Recovery

One argument that may conceivably play a decisive part in favor of deferring the election to the autumn is that Mr. Macmillan, having succeeded in persuading President Eisenhower to agree to a Summit Meeting, will want to attend that meeting and would be most reluctant to risk having to relinquish office before it takes place. For this reason, as for many others, the prospects of a Conservative victory would have to improve quite considerably during the next few weeks in order to induce Mr. Macmillan to take the risk of an early election. Should unemployment continue to decline at an even higher rate than during the past month, and should the cost of living remain stable, he might conceivably decide that the risk is worth taking.

Pending this decision, many business firms are inclined to defer their capital investment decisions. Indeed they are even inclined to hesitate to expand production with their existing equipment, for fear that domestic political developments might discourage demand. But for this consideration, the pace of business recovery would have been more pronounced.

Halsey, Stuart Group Offers Montana Power Bonds at 101.155%

Halsey, Stuart & Co. Inc. and associates offered yesterday (March 25) an issue of $15,000,000 The Montana Power Co. first mortgage bonds, 4½% series due April 1, 1989, at 101.155% and accrued interest, to yield 4.43%. The group won award of the bonds at competitive sale on March 24 on a bid of 100.387%.

Net proceeds from the financing, together with other funds, will be used by the company to repay bank loans incurred to meet costs of the construction program, and the balance will be used to carry on the construction program through 1959 and a portion of 1960.

The 1989 series bonds will be redeemable at general redemption prices ranging from 105.66% to par, and at special redemption prices receding from 101.16% to par, plus accrued interest in each case.

The Montana Power Co. is engaged principally in furnishing electric and gas service in a number of principal cities and communities in the State of Montana. The area served comprises an area of 90,000 square miles with an estimated population of 504,000, or almost 73% of Montana's estimated 1958 population of 690,000. The company provides electricity in 181 communities; natural gas in 63 communities; water service in two towns and steam heat in one.

For the year 1958 the company had total operating revenues of $44,123,000 and net income of $11,105,000.

With Stifel, Nicolaus

(Special to THE FINANCIAL CHRONICLE)

MOLINE, Ill.—Arnold L. Buresh is now with Stifel, Nicolaus & Company, Incorporated, Life Building.

Albert Van W. Setley

Albert Van Winkle Setley passed away March 18 at the age of 81. Prior to his retirement he had been a partner in Thomas Associates, in New York.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Treasury in its new money operation surprised the money market by offering $500 million of 10-year 4% bonds, which in reality was the reopening of the outstanding 4s due Oct. 1, 1969. This bond was issued Oct. 1, 1957 to raise $675 million in cash so that this amount, along with $500 million additional, will not make it a large issue. The 4% note due May 15, 1963 was also a mild surprise to the money market and the Treasury is raising $1.5 billion through the sale of this obligation. The balance of $2 billion will be obtained through the sale of 289-day special Treasury bills.

It is evident that the new money raising venture of the Treasury has been a successful operation and even some speculative purchases of the 4% issues have been indicated; although they are believed to have been very limited. The desire of the Treasury to move out the average maturity of the Governmnt debt is responsible for the bond offering which was made in this new money financing.

Outstanding 4s Hit Hard

The outstanding 4% Government issue due Oct. 1, 1969, which had been trading well above 101 just previous to the Treasury announcement, was reopened for new money subscriptions at 100. Quotations for this bond fell sharply after the news was out. The Treasury's action in offering a bond in its current financing appears to be proof positive, in spite of what may be heard in the form of "open mouth" operations about no long-term issues being used for refunding or new money purposes in the foreseeable future, that the only sure bets are death and taxes. The Treasury seems to have been following the same old line which has been around for a long time, namely never let the financial community know what you are going to do. In other words, always have some kind of a surprise for them, keep them guessing and puzzled, keep them off balance. Therefore, it appears as though the money market should always expect the unusual to come along and remember that whenever the opportunity presents itself, the Treasury will issue some distant maturities whether they be for refunding or new money raising purposes.

Debt Lengthening Achieved

It is evident that maturities are not extended when new securities are being offered, since this takes place only when the obligations that are coming due are refunded with issues that have a longer maturity than the ones that are being retired. However, a new money long-term obligation does help to push out the average maturity of the Government debt, as is being done in this case.

The four year 4% bond due May 15, 1963 also was a mild surprise to the money market, since it was the opinion of most money market specialists that the Treasury would not go out more than three years in its note offering, with the beliefs rather strong that the 4s of 1962 would be reopened for subscription in this new money offering. Also, the financial district was looking for a one-year obligation as being part of the option deal which was to come along, with a 3⅞% rate being talked about for the certificate maturity.

However, the Treasury chose to offer instead a 289-day bill which is an auction obligation and this let the buyer set the rate, rather than the Government.

New Bill Financing Schedule

Also, it was indicated from the information made public by the Treasury at the time of the announcement that a new schedule of regular maturities are being developed, and this was the reason given for the use of the long, auction bill instead of a certificate The Treasury, it seems, hopes to work its short-term schedule of maturities so that it will be in the market less frequently but at more regular intervals in the future.

Treasury's Future Needs

The combination of a real short-term issue, an intermediate term obligation and a short-term bond, although not exactly what had been looked for in this money raising venture of the Treasury appears to have been adequate and took care of the Government's need for funds at this time. It should be remembered, however, that the Treasury will again be back in the market for new money of between $1,500,000,000 and $2,000,000,000 in May, with the terms of this operation quite likely to be made public about the middle of that month. Prior to this, however, $4.5 billion of securities coming due in early May will have to be refunded. The issues coming due are $2.7 billion of special Treasury bills due May 15, 1959 and $1.8 billion of 1¼% notes due the same date.

FIC Banks Place Debs.

The Federal Intermediate Credit Banks are offering today (March 19) a new issue of approximately $190 million 3¾% nine-month debentures, dated April 1, 1959 and maturing Jan. 4, 1960. The debentures are priced at par and are being offered through John T. Knox, fiscal agent, and a nationwide selling group of securities dealers.

It was also announced that a total of $26,000,000 of outstanding debentures maturing July 1, Aug. 3, and Oct. 1, 1959, was sold for delivery April 1.

Proceeds from the financing will be used to refund $134,500,000 of 1⅝% debentures maturing April 1, 1959.

Chicago Analysts Announce Program

CHICAGO, Ill.—The Investment Analysts Society of Chicago is holding an automotive industry forum today (March 26th) at the Midland Hotel. Chairman is William G. Maas, Glore, Forgan & Co.; panelists are William P. O'Connor, Jr., McDonall & Company, and Raymond C. L. Greer, Jr., Duff, Anderson & Clark.

On April 2nd the Society will take an all-day field trip to the Sudstrand Machine Tool Company. Reservations for this trip should be made with William A. Stenson, Northern Trust Company.

More Mature Investors Needed

By ARNOLD SEIDEL
Partner, Morton Seidel and Company, Los Angeles, Calif.

Buying blue chips and forgetting about them is not investing, Mr. Seidel declares, in espousing the need for Americans to take a more mature view of investing. The West Coast broker-dealer explains what this constitutes; stresses the implications of this in view of the "cold war;" and suggests complementing the Dow-Jones Index with a daily index of earnings "average."

The time has come for Americans to take a more mature view of the ideas of investing. We have to do this for the sake of world economics. We must change our views from the short term, small circle, to the long term, worldwide viewpoint. We have to realize that there is no quick, easy way to get rich. I mean everybody.

Arnold Seidel

The short term speculation should be discouraged. Outside of helping to make markets for securities, there is no real advantage in short term speculation. Certainly the brokers and the odd lot brokers get their shares. The government gets its share in taxes. But the speculator loses his little amount. This constant nick is the real reason that speculation on tips etc. does not pay. What are the solutions to this problem?

No Quick Way to Get Rich

There are two main solutions. We must take a long range view of **investing**. I don't mean to buy blue chips and forget about them. That is not investing wisely: It is just closing one's eyes. I know that the large experienced investor invests soundly and in a well balanced manner. Everybody must take this professional viewpoint. Just like the professional truck driver is encouraged to drive professionally, the investor must invest professionally. This is important with a small amount of money as well as a large amount. It is also important to the fellow who thinks that he has found the open sesame. **There is no quick way to get rich. Invest with a balanced portfolio. Study the problem of investing. Don't just buy numbers running across the tape. It is not as much fun at first, but it will be profitable in the long run. Think in terms of percentages, not in points.**

Why is this view of investing so important? We must keep a basically sound economy here in the United States. We are fighting an economic cold war as well as **the** cold war. One quick proof about the economic cold war is found by looking at the President's allocation for defense in his budget message . . . $45.8 billion or 59% of the budget. The economic cold war is not just on the national or international level. It goes into the investment business as well as into the home. Take that professional viewpoint with you day after day. The speculative viewpoint and the get rich quick philosophy can lead us into a terrific explosive inflation and a complete collapse. There is no need for this in our economy at this time. In fact, there is no need for any collapse at any time if we follow fundamentals. With the study of values in place of market guessing, one will not buy highly overvalued securities. As a result, a terrific leveling force will be working. It will not stabilize the market by any means, but it will flatten out wild gyrations or cycles.

Suggest a New Index

Maybe we need a new type of average. The Dow Jones Averages study market prices and changes. There is no nationally used average of earnings. Isn't the investor really interested in earnings? Not the speculator, the investor. It would certainly be within reason to have an earnings "average" to be followed every day. Today's stress should be in favor of the investor who is interested in capital appreciation. The true stress should be in favor of the investor who is interested in earnings and income.

During nine-tenths of my conversations with clients I hear the question, "How's the market?" If I happen to know, I'll say, "Up 56 cents or down 25 cents." This, of course, answers how the Dow Jones Industrial Average of 29 industrial stocks and one public utility stock, American Tel and Tel, were at the end of the last half hour. In fact, the average has nothing to do with dollars and cents. The Dow Jones average number that comes to the public is only a number! This "Average" is divided by 4.257, not 30! The answer to, "How's the market?" isn't a simple one:

(A) Stocks, especially common stocks are "in style."

(B) Supply is less than demand. A person would rather buy a well known stock at very high levels and say that he can't lose **everything** than hold cash. Of course, some people would rather speculate on the old pig in the poke.

(C) Most people are trading on cash accounts rather than on margin.

(D) The public is beginning to ignore the word caution.

(E) Very few people remember back to the 1930 market. In fact nobody wants to.

(F) Many stocks are lower than "the averages."

(G) The "little man" believes, or has hopes that the government can prevent deflation or depression.

(H) There is also, the ostrich-like hope that inflation is here to stay, and without gold or gold shares, equities are the best way to beat inflation.

What does this all mean? I think that it means that conditions are on a firm footing. One should be aware of economic conditions. However, one cannot buy **investments** with the idea that he can "beat" the stock market! One has to try to figure the intrinsic value of the stock he is buying. I used the word, "Try" on purpose. In school you learn the rules. Ratios 2:1. Ten times earnings etc. You have to "get out" into the field and meet the managements, for example, to begin to get the "Art" of investing. To sum it up in one word, "Experience." Learn to use your figures in school. You need them. Then you will be able to take the next step. Use the figures. Do not take "hot tips." This advice will be useful even if you do not run right out of college into the investment business. You will have money as the years go on. Take care of your money as you take care of your health. In fact, don't neglect either.

All of this gets down to the fact that one must buy values. Stay with fundamentals, and never fall in love with any stock. Never forget that, and you will live a happy life.

Miami Window Corp. Securities Offered

Cruttenden, Podesta & Co. and Clayton Securities Corporation headed an underwriting group which yesterday (March 25) offered for public sale $3,500,000 of Miami Window Corp. 15-year 6½% sinking fund debentures with common stock purchase warrants, and 150,000 shares of the corporation's 70-cent cumulative convertible preferred stock ($8 par value) at $10 per share.

The debentures, due March 1, 1974, are priced at 100% plus accrued interest. The detachable warrants entitle holders to purchase 100 shares of common stock for each $500 principal amount of debentures at $3.50 per share, through March 1, 1964, and at $5 per share through March 1, 1969, the expiration date. Redemption prices are scaled from 105.50% plus accrued interest to 100%.

The cumulative convertible preferred stock is convertible into common stock at the basic rate of 2½ shares of common for each share of convertible preferred stock. It is redeemable at $10.70 per share plus accrued dividends.

Proceeds from the issues will be applied largely toward the payment of short-term loans and accounts payable, and the balance will be used for general corporate purposes.

R. W. Pressprich Adds

BOSTON, Mass. — Peter Woll is now affiliated with R. W. Pressprich & Co., 75 Federal Street.

Tegtmeyer Adds to Staff

(Special to The Financial Chronicle)

CHICAGO, Ill. — Robert W. Parry has been added to the staff of Wm. H. Tegtmeyer & Co., 39 South La Salle Street. Mr. Parry was previously with W. T. Grimm & Co.

Canada Advances Toward New Economic Horizons

Continued from first page

of cubic feet of West Canadian natural gas, now locked in the ground, to supply the great and rising cities lying Easterly along Lake Ontario and the St. Lawrence.

In metals, copper was able to turn around price-wise, abetted by a world-wide epidemic of strikes; and later animated by a broad resumption of industrial demand. So copper shares, which had been sodden, on the Toronto and Montreal Boards, came to life and ended the year on a strong note, the big as well as the little — the International Nickels and the Temagamis.

It was a banner year for uranium, with the mills of Gunnar, Rio Tonto, Northspan expanding their product and sales, and smaller ones such as Stanrock coming onstream. The end result was a doubling in export sales of Uranium (over 1957) to above $250,000,000. (A much larger total is in prospect for 1959.)

Other exports brightening the picture included about $18 million in natural gas; $100 million in military aircraft; $100 million in beef; and 316 million bushels of wheat.

Fine Year for Construction

Nineteen-fifty-eight was also a good year for construction. Total capital investment, public and private, was in the order of $8½ billion featured by the Trans Canada line and Seaway aforementioned, and buttressed by the highest number of housing starts in history, about 156,000; and capital expenditures by the Bell Telephone Company of Canada of over $180 million, facilitating the placing, at the ears of Canadians, 185,000 additional telephones during the year.

In railroads the big item was a 17% increase in freight rates posted for Dec. 1, 1958; the improved coordination between truck and rail service including the extension of piggy-back operations. (Canadian Pacific now owns or operates trucklines extending for over 10,000 miles from coast to coast.) Also advances in dieselization were continued, with Canadian Pacific now doing about 95% of its railway business with diesel power.

Gold had, in general, a good year with the good mines seeming to get better, both in respect to extent and quality of gold ore, and efficiency of mine operations. Kerr-Addison, Giant Yellowknife, Cochenour Willans and Little Long Lac all acquired a sprightly look in the market. The 25% boost in government subsidy for marginal mines, and the lowered level of general employment, preventing any important rise in the price of labor, helped the industry to keep going. Ahead are still the bright hopes for a rise in the price of gold. As fuel for these yearnings, there can be noted the roaring inflation in Venezuela, Brazil and Argentina and the loss, by the United States, of $2 billion in gold reserves during 1958. There's nothing wrong with Canadian gold mining which $50 an ounce would not correct!

Natural Gas: Dynamic Commodity

Hardest hit of the major industries of Canada last year was petroleum. Crude oil production was off 13% from 1957; and well completions totaled about 2,500, 15% below the 2,902 completions of 1957. With crude oil a surplus throughout the world, the problem of selling West Canadian oil was a tough one. The oil pipelines reduced their throughputs with Transmountain being especially hard hit. The brightest spot in the petroleum picture was natural gas, encouraged by rising deliveries to West Coast Transmission, the prospects of huge deliveries to the Trans-Canada line and the building of the plants of Jefferson Lake Petrochemical plant in British Columbia, and the $25 million gas processing plant of British American Oil, now operating at Pincher Creek, Alberta. Gas is a dynamic commodity, both for the attracting of industry to areas of its production, and for pipeline sales which could be enormously increased if the stifling restrictions on gas export to the United States were removed.

Aluminum had a sort of standby year, what with slackening of North American demand and some price reductions. The long term outlook for this amazing metal remains excellent, however, and Canadian aluminum plants in Quebec, and the huge facilities at Kitimat are eager hostages to the future fortunes of aluminum.

An Efficient and Profitable Banking System

The banking system of Canada remains a model of functional financial efficiency, high solvency and sustained profitability, for all the world to see. Canadians remain, even after a year of recession, the best insured people in the world with $40 billion of life insurance in force among a 17,000,000 population. Eighty companies including American, British and European as well as the great Canadian life institutions are busy selling insurance and making investments. Canadian life companies offer the most attractive annuity rates in North America.

But enough of 1958. We couldn't begin to cover all industries and all the variations and trends within them; we merely attempted a swift resume of the Canadian economic scene, touching on some of the high spots, and missing, no doubt, even some of those.

A New Economy in 1959

The year 1959 will be different. It started differently—on a much more confident note; and it holds promise of sizable advances in many areas. The oil dilemma may not be solved, but surely a lot of constructive thinking will be done on the importance of Canada's oil to the British Empire, and to the free world; particularly with an arbitrary rise in taxes in Venezuela, greedier percentage demands by the crude sheiks of Araby; and a not so good-neighborly petroleum import attitude of the United States. The question may well arise whether, if West Canadian oil is unacceptable in Seattle or Minneapolis, an oil pipeline should not be run East to Montreal with a quite obvious reduction in seaborne oil imports in that, and the intervening areas.

Further in the search for crude Canada has quite recently become a lively hunting ground. The Arctic oil rush is on, with over 76 million acres placed under option in the Northwest Territories and the Yukon, and 60 million in the Arctic Islands above. Whether or not commercial oil may be surfaced from these frozen wastes nobody knows for sure. But it's exciting to contemplate an ice-capped Saudi Arabia with year-round crude deliveries made to warmer climes by nucleonic tanker submarines!

Iron has a forward look for 1959 with far more than the $121,000,000 (production total for 1958) in prospect. Industrial demand for ore, both in

Canada and the United States, has surged ahead and the St. Lawrence Seaway, in being, assures low cost water transport to Canadian steel mills and those on the Great Lakes. So expect better things for the Quebec, Labrador, and Ontario mining companies this year. And along the same general line there's an exciting new $15,000,000 steel mill going up in Saskatchewan, owned by Interprovincial Steel Co., which was recently financed.

Enviable Record of Cash Dividend Payers

All in all we expect Canada, with ardor undampened by the events of last year, to move ahead to new high ground in productivity, consumer spending, per capita income and zeal and enthusiasm for the great future that lies ahead in the development of her rich natural resources, and in the unfolding of her national destiny. And more than ever investors, not only in the United States, but in the other nations of the free world, will interest themselves in Canadian securities many of which have, as the following tabulation illustrates, proven their quality and worth by sustained cash dividend payments running from five to 130 years. Of equal importance to investors are the exceptionally capable facilities provided by the Canadian Exchanges and the members of the investment fraternity.

TABLE I

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From *10 to 130 Years*

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Abitibi Power & Paper Co., Ltd. — Newsprint and allied products	10	1.70	36¾	4.6
Agnew-Surpass Shoe Stores, Ltd. — Makes and distributes shoes through retail chain	25	0.55	12¼	4.5
Aluminium Ltd. new — Largest producer of aluminum ingot in the world	20	*0.75	31¾	2.4
Andian National Corp., Ltd. — Operates oil pipe line in Colombia, S. A.	15	*0.30	b5¼	5.7
Anglo-Canadian Pulp and Paper Mills, Ltd. — Newsprint and allied products	13	2.00	37	5.4
Anglo-Huronian Ltd. — Holding & operating co.—chiefly interests in Can. gold mining	19	0.50	12½	4.0
Anglo-Newfoundland Development Co., Ltd. "Ord." — Newsprint and allied products; also mining interests	14	0.25	6¾	3.7
Argus Corp., Ltd. — Investment co.—manufacturing & merchandising interests	12	0.80	32½	2.5
Asbestos Corp., Ltd. — Mining & milling of asbestos fibre	21	1.75	35	5.0
Ashdown Hardware Co., Ltd., J. H., "B" — Large wholesale and retail business in general hardware	21	0.60	13	4.6
Aunor Gold Mines Ltd. — Ontario gold producer	18	0.16	2.80	5:7
Auto Electric Service Co. Ltd. — Service distributors of automotive electrical carburetors & auxiliary equipment	12	1.10	18½	5.9
BANK OF MONTREAL — Operates 753 branches and agencies throughout the world ● See Bank's advertisement on page 26.	130	1.65	55½	3.0
Bank of Nova Scotia — Operates 550 branches and sub-offices throughout the world	126	2.20	67	3.3
Banque Canadienne Nationale — Operates 587 branches in Canada	77	1.70	57	3.0
Barber-Ellis of Canada, Ltd. — Stationery and printers' supplies	28	5.30	b52½	10.1
Bathurst Power & Paper Co., Ltd. "B" — Boxboards, corrugating materials, etc.	10	0.75	26¼	2.9
Beatty Bros. Ltd. — Manufacturers of barn and stable equipment, household equipment, pumps, etc.	19	0.15	7	2.1
Beaver Lumber Co. Ltd. — Lumber & building supply retailer, 274 branches in Canada	15	†1.25	29½	4.2
Bell Telephone Co. of Canada — Most important telephone system in Ontario and Quebec	78	2.00	41⅛	4.9
Belleterre Quebec Mines, Ltd. — Quebec gold producer	14	0.05	1.70	2.9
Biltmore Hats Ltd. — Men's fur felt and wool felt hats	25	0.40	b7½	5.3
Brazilian Traction, Light and Power Co., Ltd. "Ord." — Diverse utility interests in Brazil	18	0.25	6	4.2
British American Bank Note Co. Ltd. — Makes bank notes, bonds, revenue stamps, and similar items	24	2.15	45	4.8
British American Oil Co. Ltd. — Petroleum production, refining, distribution	49	1.00	39¾	2.5
British Columbia Forest Products Ltd. — One of the largest producers of timber products in Canada	11	0.08	12½	0.6
British Columbia Power Corp. Ltd. — Holding co., controlling B. C. Electric Co. Ltd.	41	1.40	35⅜	4.0
British Columbia Telephone Co. "Ord." — Second largest privately owned telephone system in Canada	43	2.00	43	4.7
Brock (Stanley) Ltd. "B" — Laundry supplies, hardware, plumbing supplies, etc.	13	0.40	b9	4.4
Building Products Ltd. — Asphalt roofing, flooring and insulation	32	1.80	38⅞	4.6
Bulolo Gold Dredging, Ltd. — Operates a gold dredging project in New Guinea	11	0.45	3.40	13.2
Burlington Steel Co. Ltd. new — Steel rolling mill & related oper.	22	0.80	16½	4.8
Burns & Co. Ltd. — Meat, lards, butter, poultry products, etc.	12	0.70	12½	5.6
Calgary & Edmonton Corp., Ltd. — Leases oil and gas drilling rights in Alberta	22	0.10	29⅛	0.3
Canada & Dominion Sugar Co., Ltd. — Cane and beet sugar refining	28	1.20	25½	4.7
Canada Bread Co., Ltd. — Bread and cake wholesaler and retailer	15	0.10	5	2.0
Canada Flooring Co. Ltd. "B" — Specializes in manufacture of hardwood flooring of all kinds	10	1.00	13½	7.4
Canada Foils, Ltd. — Oldest and largest foil converting plant in Canada	10	0.80	b17½	4.6
Canada Iron Foundries, Ltd. — Holding and operating company—machinery & equipment interests	14	1.50	35	4.3
Canada Life Assur. Co. — One of the largest Canadian companies underwriting life, accident and sickness insurance	104	4.60	199	2.3
Canada Malting Co., Ltd. — Malt for the brewing & distilling industries	31	2.00	67½	3.0
Canada Packers Ltd. "B" — Full line of packinghouse prods.	24	1.75	50	3.5
Canada Permanent Mortgage Corp. — Lends on first mortgage security, issues debentures, accepts deposits	103	3.90	59	6.6

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

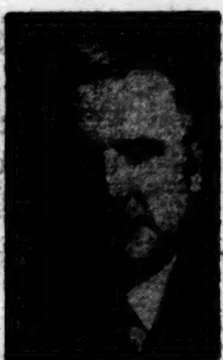
Continued on page 24

What of Our Joint Economic And Trading Future?

By N. R. CRUMP*
President, Canadian Pacific Railway Company
Montreal, Canada

Canadian industrialist discusses three factors shaping his country's destiny and catalogues disquieting new developments bound to affect the two North American partners. Warning that neither country can any longer complacently accept the notion they are endorsed with more wisdom and more "know how" than anywheres else in the world, Mr. Crump bluntly outlines the problems that must be solved if both countries are to fulfill the promise of a more prosperous future. He is confident neither country will pursue policies in the name of expediency which would turn the Atlantic Community into a group of economic solitudes and jeopardize the very hope of social, economic advance, the free world's answer to communism

I propose to present a businessman's viewpoint of the prospects and some of the problems in our joint economic and trading future. For this reason, I shall not restate the promising forecasts of either the Paley Commission in the United States or of the Gordon Commission in Canada. Suffice to say that both of these studies forecast impressive growth and expansion in the years ahead for the North American continent which Canada and the United States largely share. I am content, subject to certain qualifications which I will state later, to accept the basic proposition that the challenge of the future for both our countries is no less stimulating and rich with promise than has been the challenge of the past.



N. R. Crump

My first qualification of this statement of faith in North America's tomorrow is that we must be prepared to recognize that we of the free world are approaching one of the great watersheds of economic history — a watershed the contours of which may determine the course of world trade and investment for the decade or more that lies ahead. My second qualification is that if the promise of North America's tomorrow is to be realized, Canadians and Americans alike will have to work hard to make it come true. No longer can we on this continent cherish any sense of comfortable complacency based on the notion that we are endowed with more wisdom and more "know-how" than exists anywhere else in the world.

To understand the nature of the North American economic pattern, it might be desirable for a moment to consider some of those forces which have shaped the Canadian economy in the past, as well as to take into account some of the newer forces which are destined to influence greatly our whole future.

Canada's economic development in the past has been largely shaped by three great factors. Those factors, I believe, will continue to make their influence felt no less surely in the years ahead. If they do, I think we here in Canada may face the future without fear. Let me say a word about each.

The first is people. Without an ambitious populace, rooted in the traditions of parliamentary democracy and freedom-based enterprise, it is doubtful whether the great adventure in nation-building upon which Canadians embarked with grave misgivings less than a century ago could ever have succeeded. It is this belief in freedom, both political and economic, which explains no less surely than do our rich natural resources, why the eyes of investors, at home and abroad, have been focused upon the northern half of the North American continent.

It is the tenacity with which Canadians embrace democracy and freedom-based enterprise which explains, no less surely than do the economic facts, why on a per capita basis Canada is the world's biggest trader. Canadians would be no more likely to repeal their faith in the invigorating forces of international commerce based on liberal trade policies and freedom of investment opportunity than would Americans be likely to repeal the Constitution of the United States.

We know that investment has provided the sinews of the industrial growth which Canada has been experiencing throughout the postwar era. We all know, too, that trade and the prospect of trade has been the motive power behind much of the investment which has been taking place in Canada. Together with people, trade and investment represent the three factors which have shaped our economic destiny in the past.

Superior Investment in Canada

Let's look for a minute at investment. If we do, I am sure you will share my confidence that the goals we have set for ourselves on the economic front will sooner or later be realized. Postwar investment in Canada has been focused upon the resource industries for several very sound reasons. It has long been clear to the investor, whether he be Canadian, American, British or European, that the appetites of the more industrially mature countries will

Continued on page 26

*An address by Mr. Crump to the Canadian-United States Business Conference on "Strengthening the Foundations of the Canadian-American Partnership" sponsored by the Canadian Chamber of Commerce and the Chamber of Commerce of the United States.

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CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §	Quotation Dec. 31, 1958◆ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Canada Steamship Lines, Ltd. Freight and passenger vessels: other diverse interests include hotels	16	1.40	40	3.5
Canada Vinegars Ltd. Vinegar and apple products	34	1.35	b27¼	5.0
Canada Wire and Cable Co. Ltd. "B" Copper and steel wires and ropes	20	0.80	14¾	5.4
Canadian Bank of Commerce Operates 793 branches throughout the world	91	1.60	54⅝	2.9
Canadian Breweries Ltd. Holding co.—brewing and grain milling interests	14	1.50	35½	4.2
Canadian Bronze Co., Ltd. Holding co. — subidiaries make bronze bearings, bushings and castings	31	2.00	b25	8.0
Canadian Celanese Ltd. Synthetic yarns and fabrics	23	0.90	19¾	4.6
Canadian Fairbanks Morse Co., Ltd. Exclusive sales agents for Fairbanks, Morse & Co. of Chicago	21	1.40	b25½	5.5
Canadian Gen. Elec. Co., Ltd. Exclusive manufacturing & selling rights of General Electric products in Canada	29	12.00	b770	1.6
Canadian Gen. Invest. Ltd. Management type invest. trust	30	1.35	32¾	4.1
Canadian Industries Ltd. Chemicals and allied products	32	0.50	16¼	3.1
Canadian Ingersoll-Rand Ltd. Manufactures compressors, pneumatic tools, pulp and paper	29	2.50	b43¾	5.7
Canadian Oil Cos., Ltd. Petroleum refining & distribution	33	0.80	27	3.0
Can. Pac. Ry. Co. "Ord." "The" private railway system of Canada	15	1.50	28	5.4
Canadian Tire Corp., Ltd. Automotive accessories, parts, etc.	15	0.70	b126	0.6
Canadian Westinghouse Co., Ltd. Airbrakes and large variety of electrical apparatus	13	1.00	51	2.0
Celanese Corp. of America Yarns and fabrics	20	*1.00	‡	‡
Central Canada Invest. Ltd. Investment co. — large insurance interests	15	1.00	b34	2.9
Chartered Trust Co. General fiduciary business	24	1.40	b55	2.5
Chateau-Gai Wines Ltd. Wines and juices	14	1.00	21	4.8
Cochenour Willans Gold Mines Ltd. Gold producer N. W. Ontario	11	0.10	3.45	2.9
Coghlin, B. J. & Co. Ltd. Manufacturer of railway and heavy industry equipment	14	1.00	15	6.7
Collingwood Terminals, Ltd. Operates a 2 million bushel grain elevator in Collingwood, Ontario	17	1.00	b15	6.7
Conduits National Co., Ltd. Rigid eltctrical conduits, elbows, couplings, etc.	22	0.65	10¼	6.3
Confederation Life Assoc. Wide range of endowment and life policies	35	2.00	154½	1.3
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	26	1.00	20½	4.9

◆ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.
‡ Inactive issue. No Exchange trading.

CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
		—Canadian $ §—		
Consol. Paper Corp., Ltd. Owns five mills; daily newsprint capacity 2,479 tons	13	2.00	42	4.8
Consumers Gas Co. Manufactures and distributes gas in the Toronto area	111	0.80	35	2.3
Consumers Glass Co., Ltd. Wide variety of glass containers	23	1.50	33½	4.5
Corby (H.) Distillery Ltd. v.t. Holding and operating co. — alcohol and spirits	22	1.10	19½	5.6
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	24	0.80	11½	7.0
Crain, R. L. Ltd. Manufactures & sells continuous business forms	13	1.00	50	2.0
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	30	2.00	60	3.3
Crown Trust Co. General fiduciary business	59	0.70	b25	2.8
Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	41	0.60	b23	2.6
Distillers Corp.-Seagrams Ltd. A holding co—interests include a complete line of whiskies and gins	22	1.70	33	5.2
Dome Mines Ltd. Ontario gold producer	39	0.70	18⅝	3.8
Dominion and Anglo Investment Corp., Ltd. Investment holding company	19	16.00	b470¼	3.4
Dominion Bridge Co., Ltd. Bridges, cranes and structural steel of all kinds	46	1.00	21⅞	4.6

Listed Companies Which Have Paid Consecutive Cash Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 30

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Dominion Engineering Wks., Ltd. Wide variety of machines and equipment	17	1.00	18	5.6
Dominion Fabrics, Ltd. Towels, tapestries, draperies, etc.	32	0.60	b11½	5.2
Dominion Foundries & Steel Ltd. Makes wide variety of primary steel products	22	1.00	41¾	2.4
Dominion Glass Co., Ltd. Wide variety of glassware	41	2.60	b88	3.0
Dominion Insurance Corp. Operates company for fire insurance, etc.	15	8.00	b180	4.4
Dominion Oilcloth and Linoleum Co., Ltd. Wide range of linoleum and oilcloth products	72	2.10	b46	4.6
Dominion Steel & Coal Corp., Ltd. A holding co.—coal, iron & steel interests	13	1.00	20¼	4.9
Dominion Stores Ltd. Operates grocery and meat chain	17	1.25	84¼	1.5
Dominion Tar & Chemical Co., Ltd. Distiller of coal tar & producer of its derivatives	13	0.50	14½	3.4
Dominion Textile Co., Ltd. Wide range of cotton yarns and fabrics	47	0.60	9¾	6.2
Donohue Brothers Ltd. Owns and operates a paper mill at Clermont, Quebec	13	0.75	15½	4.8
Easy Washing Machine Co., Ltd. Electric washing machines, floor polishers, air circulators, etc.	15	0.50	b10⅜	4.8
Economic Invest't Trust Ltd. General investment trust business	32	1.60	b37½	4.3
Electrolux Corp. "Electrolux" vacuum cleaners, & air purifiers	15	*1.00	13	7.7
Equitable Life Insurance Co. of Canada Wide line of life and endowment policies	20	0.90	b53	1.7
Falconbridge Nickel Mines, Ltd. Nickel, copper, cobalt; subsidiary produces steel castings	26	1.20	28½	4.2
Famous Players Canadian Corp., Ltd. Largest operator of motion picture theatres in Canada	24	1.50	23⅞	6.3
Fanny Farmer Candy Shops, Inc. Operates large candy chain	31	*1.00	17½	5.7
Ford Motor Co. of Canada, Ltd. "B" Automotive manufacturer	26	5.00	b107½	4.7
Foundation Co. of Canada Ltd. Engineers & general contractors	19	†0.50	14½	3.4

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
		—Canadian $ §—		
Fraser Companies, Ltd. Wide variety paper and lumber products; synthetic yarns and fabrics	15	1.50	31¾	4.7
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	13	1.25	b22	5.7
Gatineau Power Co. Hydro-electric energy in Eastern Canada	21	1.50	37¾	4.0
General Petroleums of Canada Ltd. "Ord." & Class "A" Oil well drilling contractors	10	0.20	3.40	5.9
General Steel Wares Ltd. Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	18	0.40	10⅝	3.8
Goodyear Tire & Rubber Co. of Canada, Ltd. Natural and synthetic rubber products	32	6.00	180	3.3
Gordon Mackay Stores Ltd. "B" Manages subsidiaries which distribute textile products and allied goods	34	0.50	b7	7.1
Grand & Toy Ltd. Manufactures commercial & general stationery & business forms and distributes office supplies & furniture throughout Ontario	15	1.80	b37¾	4.8
Great Lakes Paper Co., Ltd. Manufactures newsprint and unbleached sulphite paper	12	1.60	35½	4.5
Great West Coal Co., Ltd. "B" Wholesale distributor of lignite coal	12	0.50	b5½	9.1
Great-West Life Assur. Co. Wide range of life, accident and health policies	59	4.30	265	1.6
Greening (B.) Wire Co., Ltd. Wide variety of wire products	21	0.20	b4.05	4.9
Guaranty Trust Co. of Can. General fiduciary business	30	0.775	26	3.0
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	12	1.20	39	3.1
Hahn Brass Ltd. Maufactures large variety of metal products	12	1.05	b20	5.3
Hallnor Mines, Ltd. Ontario gold producer	20	0.12	b1.79	6.7
Hamilton Cotton Co., Ltd. Wide variety of textile products	17	0.90	b13	6.9
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	23	0.55	b8	6.9
Hayes Steel Products Ltd. Wide variety of automotive parts	16	1.00	23½	4.3
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	12	0.30	5	6.0

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
		—Canadian $ §—		
Hinde and Dauch Paper Co. of Canada Ltd. Wide variety of paperboards, boxes, etc.	25	1.80	49½	3.6
Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	43	0.48	31¼	1.5
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	24	3.00	58	5.2
Huron & Erie Mortgage Corp. Lends money on first mortgage security and operates deposit and debenture accounts	94	1.60	49	3.3
Hydro-Electric Securities Corp. Management type investm't trust	11	0.45	14½	3.1
Imperial Bank of Canada Operates 304 branches throughout Canada	83	1.80	61½	2.9
Imperial Flo - Glaze Paints Ltd. Varnishes, lacquers, enamels, paints, etc.	18	1.40	b32	4.4
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	57	2.00	77½	2.6
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprises	59	1.20	45	2.7
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	47	0.675	14	4.8
Industrial Acceptance Corp., Ltd. Purchases acceptances; also small loans & gen'l insurance business	11	1.50	39¼	3.8
International Metal Industries Name changed to Wood (John) Industries Ltd. Shares exchanged share for share				
International Nickel Co. of Canada, Ltd. Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	25	*2.60	85⅜	3.0
International Paper Co. Holding and operating co. — Operates pulp and paper mills in Canada and the U. S.	13	†*3.00	113	2.6
International Petroleum Co. Ltd. South American oil producer and refiner	41	*1.40	42½	3.3
International Utilities Corp. Management and development of natural gas and electrical companies in Alberta	15	*1.10	30	3.7
Investment Foundation Ltd. Management type investment trust	15	2.55	42⅜	6.0

Continued on page 26

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

Continued from page 24

What of Our Joint Economic And Trading Future?

for a long time to come continue to make spectacular demands upon the very resources which Canada is best suited by nature and geography to provide. Those demands are reasonably certain to be sustained if for no other reason than that alternative sources of supply abroad suffer increasingly from the ravages of a kind of nationalism which sees every investment dollar as a hated badge of economic colonialism.

Investment can hardly be expected to flourish in countries whose governments have set their course along the path of socialism and nationalization of industry. No such threat looms on the Canadian investment scene. Thoughtful Canadians know that the United States of today bears no resemblance in the objectives either of its Government or of its businessmen, to the capital-exporting countries as they are portrayed in the histories of 19th Century imperialism. Americans know, too, that Canada, as a capital-importing country, bears no similarity whatever to those backward countries which exploded in manifestations of narrow nationalism under the impact of capital imports in the 19th Century.

In the investment field, Canadian-American relations are as unique as they are auspicious. The respect which Canada enjoys abroad for its political and social institutions and for its unblemished record of integrity in its international obligations is a dominant factor in this relationship. Add to this favorable political climate for investment the fact that Canada today has a well-developed capital market of its own and a growing reservoir of technical skills and it is hard to escape the conclusion that investment opportunities in this country open boundless economic opportunities.

Lest my American friends imagine that I am being boastful or self-righteous, let me say that Canadians hold similar views about the climate of investment opportunity in the United States. Proof that this is so is found in the fact that on a *per capita* basis, Canadian investment in the United States is considerably larger than American investment in Canada.

I would not wish to leave the impression that Canadian growth and expansion is preponderantly dependent upon investment from outside our borders. Foreign investment, it is true, has accelerated the tempo of Canadian growth. It has had a stabilizing influence, too, on Canada's balance-of-payments, and it is hastening the "filling in" and "rounding out" of the economy by encouraging the growth of domestic consumer goods industries and of advanced manufacturing. But domestic Canadian savings and investment account for the lion's share of the expansion which we have been experiencing. Canadians themselves have transformed great quantities of savings into new capital formation at a pace substantially in excess, proportionately, of the rate of capital formation in the United States and rivalling even the achievements of the Federal Republic of Germany.

Importance of Canadian Exports

That brings me to trade—last of the three great factors which have shaped Canada's economic destiny. Because she is both economically advanced and internationally specialized, Canada's *per capita* trade, as I have said, is the highest in the world. Although the relative importance of trade to the Canadian economy has declined somewhat in the last three decades, exports still represent more than twice as large a share of national income than do the exports of the United States.

The nature of Canadian trade, in export terms, is clearly discernible, in part, in what I have already said about investment in the resource industries. It must be remembered, too, however, that agriculture, and especially wheat, together with forest products, whether fully-manufactured or semi-processed, are also important to our export trade and are likely to remain so for as far into the future as any of us can foresee. If we are to pay our bills abroad and to remain prosperous at home, export markets must be found not only for our resource products, but for our wheat and for pulp and paper products. It is to the markets for these commodities as well as for our manufactured products, that we must look if we are to remain a great trading nation.

Canadians are keenly aware of the fact that the United States is their best customer. It is, however, a token of Canadian-American interdependence in trade that Canada is also the best customer of the United States and provides a market for some 26% of all U. S. exports. It was not always thus, for historically the preponderance of Canada's trade has lain with Britain. At the turn of the century 55% of our exports found a market in the United Kingdom—today the figure is about 18%. Canadians, therefore, have a vested interest in the prosperity both of the United States and the United Kingdom. For it is in these two markets that upwards of 80% of our export trade is concentrated. Little wonder, in the light of these facts, that we in Canada tend to be more than ordinarily sensitive to developments of any sort which may affect the future patterns of world trade.

I mentioned at the opening of my remarks that we of the free world seem to be approaching one of the great watersheds of economic history. And I said that the contours of that watershed might well determine the course of trade and investment for a considerable time to come.

That watershed to which I refer is not the short-term swing of the economic pendulum we know as the "business cycle." Canadians, like Americans, have never deluded themselves with the notion that their economy was either fully inflation-proof or fully recession-proof. We know that we are all subject to the discipline of the market-place, and we are resilient enough and, I hope, courageous enough, to swing with the punches in such a way that confidence, and not fear, will dominate our long-term outlook at all times. The watershed to which I refer is of a different nature and its contours are discernible in a number of different areas.

New Developments

First, there is the conscious quest for new and different patterns of world trade that are manifest in such developments as the European Common Market. As I see it, the Common Market not only marks the end of postwar recovery and the full restoration of the industrial potential of the economy of Western Europe. Rather, it marks the beginning of an era in which the vast industrial complex of Western Europe and its hard-working population are about to emerge as the most powerful competitor for markets that has ever faced the North American economy. In skills, in technical "know-how" and in aggressive salesmanship, Canadians and Americans alike will have to be on their toes if they are to meet this new competition posed by the Common Market countries.

Second, it is a tragic fact that at the very moment that the Western European countries have chosen to pool their productive resources, disquieting manifestations of protectionism should become clearly discernible right here in North America. This protectionism is not of our own making here in Canada. Rather, it is discernible in the growing number of restrictions which, for reasons which appear to be none other than those of political expediency, the United States has chosen to impose on an already impressive range of resource imports, including lead, zinc and petroleum. And

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CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Journal Publishing Co. of Ottawa, Ltd. — Publishers "The Ottawa Journal"	42	1.00	b15½	6.5
Kerr-Addison Gold Mines Ltd. — Ontario gold producer	19	0.80	20½	3.9
John Labatt Ltd. — General brewing business	14	1.20	28	4.3
Lamaque Gold Mines Ltd. — Quebec gold producer	20	0.20	3.15	6.3
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	32	1.25	24	5.2
Leitch Gold Mines Ltd. — Ontario gold producer	21	0.06	1.45	4.1
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	13	0.60	11	5.5
Loblaw Cos. Ltd. "B" — Operates chain of "self-service" grocery stores in Ontario	36	0.40	34¾	1.2
Loblaw Inc. — Operates 133 "self-service" food markets in northern New York, Pennsylvania and Ohio	26	*2.00	140¼	1.4
Walter M. Lowney Co., Ltd. — Chocolate and other confection products	23	1.00	b32	3.1
Lucky Lager Breweries (1954) Ltd. — A holding company for four British Columbia companies	30	0.27	b5⅛	5.3
Macassa Mines, Ltd. — Ontario gold producer	10	0.15	2.99	5.0
Maclaren Power & Paper Co. — Holding company—newsprint, lumbering and power interest	17	3.00	b82	3.7
MacMillan & Bloedel Ltd. "B" — Fully integrated lumber business; large exporter	18	1.05	35¼	3.0
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	19	0.20	2.84	7.0
Maple Leaf Gardens, Ltd. — Owns and operates Toronto sports arena of same name	13	1.20	b20¼	5.9
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	13	0.50	b13⅜	3.7
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	14	5.00	b164¼	3.0
Massey-Ferguson., Ltd. — Complete line of farm implements and machinery	13	0.40	11	3.6
McCabe Grain Co., Ltd. "B" — General grain dealings	12	1.00	32	3.1

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
McColl-Frontenac Oil Co. Ltd. Oil production, refining and distribution	15	1.60	62	2.6
McIntyre Porcupine Mines, Ltd. Ontario gold producer	42	3.00	94⅜	3.2
Midland & Pacific Grain Corp., Ltd. Deals in grain and operates line elevators in Western Canada	13	†1.00	b14	7.1
Minnesota and Ontario Paper Co. Newsprint, specialty papers and other timber products	12	1.60	b32⅞	4.9
Mining Corp. of Canada, Ltd. Holding, exploration & financing company	10	0.50	13½	3.7
Mitchell (J. S.) & Co., Ltd. General supply house for many industries in Eastern Quebec	24	1.25	b33	3.8
Mitchell (Robert) Co., Ltd. "A" Brass, bronze, nickel and other metal products	11	0.75	9	8.3
Modern Containers Ltd. "A" Makes tube containers for tooth paste, shaving cream and other semi-liquid products	11	1.00	12	8.3
Molson's Brewery, Ltd. "B" Montreal brewer	14	0.80	23	3.5
Monarch Mortgage & Investments Ltd. Operates and owns number of apartment houses	11	3.00	b41⅛	7.3
Montreal Locomotive Works, Ltd. Diesel-electric locomotives and related production	13	1.00	17¾	5.6
Montreal Refrigerating & Storage Ltd. Operates general and cold storage warehouse in Montreal	13	2.00	40	5.0
Montreal Trust Co. Executor & trustee, management of securities & real estate	50	1.40	b45½	3.1
Moore Corp. Ltd. Business forms, advertising display products, etc.	15	*2.00	90¾	2.2
Morgan (Henry & Co.) Ltd. Owns and operates department stores in Ontario & Quebec.	16	0.90	26½	3.4
Mount Royal Rice Mills Manufactures and distributes rice products.	13	1.25	23½	5.3
National Drug and Chemical Co. of Canada, Ltd. Wholesaler of drugs, chemical & general merchandise	18	0.80	15¼	5.2
National Grocers Co., Ltd. Ontario grocery wholesaler	17	0.60	b20½	2.9
National Hosiery Mills Ltd. "B" Manufactures ladies' hosiery	11	0.32	5¼	6.1
National Steel Car Corp., Ltd. Railway cars, automobile chassis, etc.	22	1.60	16⅝	9.6

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
National Trust Co., Ltd. General trust business, also accepts deposits	60	1.65	b48⅛	3.4
Neon Products of Canada Ltd. Neon advertising signs	29	0.60	15½	3.9
Newfoundland Light & Pow. Co., Ltd. Operating public utility	10	1.80	49	3.7
Niagara Wire Weaving Co., Ltd., new Makes wire mesh, cloth, wire weaving machinery, etc.	25	0.75	b13¼	5.7
Noranda Mines, Ltd. Copper and gold producer	29	2.00	52¼	3.8
Normetal Mining Corp., Ltd. Quebec copper and zinc producer	13	0.15	3.15	4.8
Northern Telephone Co. Ltd. Operates telephone system in 36 centres Northern Ontario and Northwestern Quebec. Dec. 31, 1957, had 46,711 telephones in use.	48	0.10	3.75	2.7
Office Specialty Manu. Co. Ltd. Mfg. and distributes office furniture and supplies	13	0.80	b12½	6.4
Ogilvie Flour Mills Co., Ltd. Mills flour, feeds, and cereals	56	1.50	43	3.5
Ontario Loan and Debenture Co. Accepts deposits and sells debentures; invests in first mortgages	88	1.15	26	4.4
Ontario Steel Products Co., Ltd. Automotive springs, bumpers and plastic products	21	1.50	b25	6.0

Listed Companies Which Have Paid Consecutive Cash Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 30

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Page-Hersey Tubes, Ltd. Industrial pipe and tubing	33	0.90	31	2.9
Pato Consolidated Gold Dredging Ltd. Operates a gold dredging project in Colombia, S. A.	20	0.35	3.25	10.8
Penmans Ltd. Woolen, cotton and silk knitted goods	52	1.80	b31¾	5.7
People's Credit Jewellers Ltd. Retailer of jewelry and associated merchandise	17	0.65	b16¾	3.9
Photo Engravers & Electrotypers Ltd. Photo engravings, electrotypes, commercial photography, etc.	25	†0.6875	b16	4.3
Pickle Crow Gold Mines Ltd. Ontario gold producer	23	0.05	1.25	4.0
Placer Development, Ltd. Investment—holding company—gold interests	26	0.50	10¾	4.7
Powell River Co., Ltd. Largest producer of newsprint on the West Coast	21	1.50	36⅛	4.2
Power Corp. of Canada, Ltd. A utility holding management and engineering company	22	2.00	62	3.2
Premier Trust Co. Operates as trust company trustee, etc.	42	8.00	b126½	6.3

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Price Brothers & Co., Ltd. Newsprint and related products	15	2.50	46	5.4
Provincial Transport Co. Operates coach lines in Quebec and Ontario	22	1.00	13¾	7.3
Quebec Power Co. Operating public utility	44	1.40	38½	3.6
Quinte Milk Prod., Ltd. Wide variety of milk products	10	0.15	b3.25	4.6
Robertson (P. L.) Manufacturing Co., Ltd. Wide range of screws and bolts	17	0.80	16	5.0
Robinson Little & Co., Ltd. Wholesale and retail merchandising of dry goods & variety store lines	11	0.80	b12	6.7
Royal Bank of Canada Operates 919 branches throughout the world	90	2.25	75¼	3.0
Royalite Oil Co., Ltd. Oil production and development	30	0.065	10⅛	0.6
Russell Industries Ltd. Holding company—machine tool interests	23	0.60	10⅝	5.6
Sangamo Co., Ltd. Electric meters, motors, switches, etc.	22	0.75	13	5.8
Scythes & Co. Ltd. Manufactures cotton and wool waste, cotton, wipers, etc.	23	1.00	b12	8.3
Shawinigan Water and Power Co., new Quebec electric utility	52	0.68	33¾	2.0
Sherwin-Williams Co. of Canada, Ltd. Paints, varnishes, enamels, etc.	17	2.05	45	4.6
Sicks' Breweries Ltd. Beer, ale, stout and carbonated beverages	31	1.40	b32¼	4.3
Sigma Mines (Quebec) Ltd. Quebec gold producer	19	0.30	b4.25	7.1
Silknit Ltd. Lingerie, swim suits and other rayon products	11	1.00	b18	5.6
Silverwood Dairies, Ltd. "B" Full line of dairy products	21	0.60	b11	5.5
Simpson's Ltd. Owns and operates through subs. dept. stores in Canada.	13	0.55	32¾	1.7
Slater (N.) Co., Ltd. Pole-line hardware for power companies; also metal stampings and forgings	21	1.00	26½	3.8
Smith (Howard) Paper Mills Ltd. Pulp and paper manufactures in Canada	14	1.35	40	3.4
Southam Co., Ltd. Publishes seven daily newspapers across Canada; operates three radio stations	23	2.00	b62	3.2
Southern Canada Power Co., Ltd. Operating public utility; Southern Quebec	36	2.50	53	4.7
Sovereign Life Assurance Co. of Canada Life and endowment insurance	40	2.25	185	1.2
Standard Paving & Materials Ltd. General paving contractor	11	2.00	48	4.2

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♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

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What of Our Joint Economic And Trading Future?

of late there has ever been talk in Washington of adding iron ore to the import quota list. Nor is it easy for Canadians to reconcile themselves to the agricultural surplus disposal policies pursued by the United States—policies which have already had a disturbing effect upon Canada's wheat economy, as U. S. surplus wheat has moved under barter deals and the like into markets which have been traditionally served by the farms of Western Canada.

Third, there is a challenge to the North American economy in the vast changes which promise to occur in the realm of defense policy. As seen by a layman such as myself, it would seem highly probable that the massive armed forces and the huge volume of mechanized equipment which have gone into the defense program in the past are in prospect of being replaced by a defense mechanism calling for smaller numbers of highly skilled personnel to produce and man the new and hideously expensive weapons that make defense meaningful in this atomic age. It calls for no great imagination to see that this change, if it occurs, will mean a greatly reduced demand for the raw materials and finished products of defense, with consequent problems of adjustment in industrial employment.

Fourth, there is the prospect, somewhat distant at the moment, of the proposed Anglo-European Free Trade Area. If the Free Trade Area scheme is ultimately realized, it will doubtless mean that the British may have to sacrifice Commonwealth trade interests to bring it about. This could have serious repercussions on Canada's agricultural exports, without any compensating advantages in terms of an increase in resource exports. If, on the other hand, the Free Trade Area scheme collapses, the British drive for a new export market to compensate for those lost to British industry in the Common Market, will be greatly intensified.

Finally, Canada suffers the added handicap of being an exceptionally high cost economy, with wage levels second only to those prevailing in the United States itself. One reason for Canada's high cost economy is proximity to the United States. Another reason, and one which cannot be lightly dismissed, lies in the fact that under the system of international trade unions, unique in North America, the Canadian wage package is all too often tailored in the United States to meet the particular aims of U. S.-based international unions. It is not hard to see that for a country much smaller in population than the United States, and heavily dependent for its prosperity on world markets for its exports, the influence of international unionism upon Canada's wage structure poses problems of the utmost gravity.

I venture to list this catalogue of problems because I firmly believe we must face up to them realistically if the promise of the future for Canada as well as for the United States is to be fulfilled. Canada clearly cannot prosper if wage levels soar to the point where her position in international trade becomes uncompetitive because of high production costs. She cannot prosper if she is unable to meet the stiff competition for world markets that is already so apparent. Nor can it be doubted that this competition in world trade will become even stiffer with the passage of time.

"If We Are to Prosper . . ."

It would not be my wish to conclude my remarks on a pessimistic note. I believe that Canada has a great and challenging future. But if that future is to be realized, we must be prepared to work for it, and work hard. We must be ready to accept wage levels that are consistent with the hard realities of our position in highly competitive world markets. We must be prepared to embrace every technological advance that will enable us to achieve lower production costs. We must be unrelenting in our search for new skills and new technological "know-how." We must recognize that there is no place for "featherbedding" in the kind of world in which we live. We must press forward on the frontiers of knowledge in science and technology with unrelenting vigor. And we must be ready to apply our discoveries promptly so that production costs will be kept within bounds. Indeed, our very survival may well depend upon what has been aptly called "the industry of discovery."

If we are to prosper, if we are to grow, if we are to be strong and free, then we must take a long hard look at any policies advanced in the name of expediency which might turn our Atlantic Community into an isolated group of economic solitudes. For were that to happen, we would be setting man-made bounds to those golden opportunities of trade and investment which all of us can glimpse. We would be placing in jeopardy the very hope of social and economic advance which is the free world's answer to the false lure of communism. We would, in fact, be calling into question the very essence of economic freedom in which all of us have staked our faith.

I am confident that neither Canadians nor Americans will stumble into such follies as these. There is compelling evidence that the path of our respective destinies will be the path of progress, of expansion and of courageous adventure.

A. S. E. Revises Commission Rates

James R. Dyer, Chairman of the board of the American Stock Exchange, has announced that the Exchange membership has voted approval of an amendment to the market's constitution providing for two revisions in the minimum commission rate structure. The amendment provides for reduced commission rates on stock transactions with money involved ranging from $100 to $2,400.

Under this revision, the same as that adopted recently by the New York Stock Exchange, commissions are reduced by $1 on transactions between $150 and $2,200. On transactions between $100 and $150 and between $2,200 and $2,400, reductions will vary from a few cents to a dollar. On transactions over $2,400 commissions will be unchanged. The amendment which becomes effective on March 30, 1959, will also eliminate the special reduced commission on round-trip transactions effected on the Exchange within 14 calendar days.

Barret, Fitch Adds

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Peter M. Brancato has become connected with Barret, Fitch, North & Co., Incorporated, 1006 Baltimore Avenue, members of the New York Stock Exchange.

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CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Standard Radio Ltd. Through subsidiaries owns and operates radio and short wave stations in Canada.	18	0.60	14½	4.1
Stedman Brothers Ltd. Wholesale and retail small wares business	24	1.20	b36	3.3
Steel Co. of Canada, Ltd. Engaged in all branches of steel production	43	1.90	68½	2.8
Sterling Trusts Corp. General fiduciary business	22	2.00	b43	4.7
Stuart (D. A.) Oil Co., Ltd. Makes extreme friction lubricants and related products	19	1.00	b15⅛	6.6
Supertest Petroleum Corp., Ltd. "Vot. Com." new Markets petroleum products in Ontario and Quebec	33	0.08	b3.05	2.6
Sylvanite Gold Mines, Ltd. Ontario gold producer	29	0.07	1.07	6.5
Tamblyn (G.) Ltd. Operates chain of 103 drug stores	22	1.00	31½	3.2
Taylor, Pearson and Carson (Canada) Ltd. Holding co.—interest in automotive and household appliances	12	0.50	9	5.6
Teck-Hughes Gold Mines, Ltd. Ontario gold producer	33	0.10	2.10	4.8

Listed Companies Which Have Paid Consecutive Cash Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 30

Third Canadian General Investment Trust Ltd. Investment trust of the management type	30	0.25	b6¾	3.7
Toronto-Dominion Bank Operates 503 branches, 501 in Canada, one in New York and one in London, Eng.	101	1.60	51⅞	3.1
Toronto Elevators, Ltd. Grain elevators, feed manufacturing and vegetable oils	20	1.15	37	3.1
Toronto General Trusts Corp. General fiduciary business	75	1.50	b41	3.7
Toronto Iron Works, Ltd. Steel plate products and special metals	13	1.50	b28¼	5.3
Toronto Mortgage Co. Lends on first mortgage; issues debentures and accepts deposits	59	6.25	b140	4.5
Traders Finance Corp., Ltd. "B" Purchases installment sales obligations	12	2.40	43	5.6
Union Gas Co. of Canada, Ltd. Production, storage, transmission and distribution of natural gas	10	†0.32	16¾	1.9
United Amusement Corp., Ltd., "A" Operates 34 motion picture theatres in Montreal and other Quebec cities	34	0.50	7½	6.7
United Canadian Shares Ltd. Holding co.—insurance interests	34	0.20	b11½	1.7
United Corporations Ltd. "B" An investment trust of the management type	18	0.80	b22	3.6
United Steel Corp. Ltd. Steel plate and welded steel products	13	0.80	11¼	7.1

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
		—Canadian $ §—		
Upper Canada Mines Ltd. — Ontario gold producer	19	0.02	1.00	2.0
Ventures Ltd. — Holding, investment, promotion, exploration and development co.	10	0.50	28	1.8
Viau Ltd. — Biscuits and confectionery	12	3.00	65	4.6
Waite Amulet Mines, Ltd. — Quebec copper-zinc producer	19	0.55	6.25	8.8
Walker (Hiram)-Gooderham & Worts, Ltd. — Holding company—extensive liquor interests	23	1.05	34¼	3.1
Westeel Products Ltd. — Manufactures sheet metal	18	0.80	14½	5.5
Western Canada Breweries, Ltd. — Serves four western provinces	22	1.20	b32½	3.7
Western Plywood Co. Ltd. "B" — Manufactures and sells veneer & plywood. Plant in Vancouver	11	0.70	b17	4.1
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	26	0.80	29¾	2.7
Weston (George) Ltd. "B" — Fine biscuits, bread, cakes, confectionery, etc.	20	0.55	34½	1.6
Wood, John, Industries Ltd. "A" — Holding Co. Subs. Can. & U. S. mfr. water heaters, oil trade equipment, etc.	16	1.70	25¾	6.6
Zeller's Ltd. — Operates chain of specialty stores across Canada	18	1.20	b36	3.3

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
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b Bid.

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Securities Salesman's Corner

By JOHN DUTTON

Develop Centers of Influence

Some people are natural born helpers. There are certain individuals who have a strong sense of loyalty and appreciation and when they find something good they want to share it with others. There are others in this world who take what comes their way and that's that. In your travels as a securities saleman you will find a much smaller percentage of the former than the latter. Many people mean well, they would like to recommend a good investment man but they are busy and they don't go out of their way to do it. Sometimes you have to prod them a bit. But there are others that will send you clients and who do appreciate sound investment assistance. Even among them you should encourage their assistance by showing your appreciation. This can be done in several ways.

Save Your Attractive New Issues For Those Who Deserve Them

The clients who are cooperative, who favor you with their business and who send you clients when they can do so deserve to be favored when an attractive new issue or special offering comes along. Many of these people do not desire anything from you except the continuance of the good service and sincere interest you show in their account. They, of course, expect performance and this is a matter of sound investment planning, research and timing. Without these important elements you can be the best salesman in the world and you will still be a ninety day wonder with nothing more than some sizable "bull market" commission earnings to show for your efforts—but no clientele that will stick to you.

Many of these people who are on YOUR TEAM will not consider the small profits you can offer them on a limited allotment of some choice new issue of too much importance, but if you say to them, "This is just to say thank you in a small way for the cooperation and friendship you always show toward me", it is very often appreciated. So, use your allotments carefully and distribute them among those who are on your team and who help you day in and day out to increase your circle of acquaintances, friends and customers.

Do a Favor for Those Who Can Help You

There are people in this world that are "users". Although I am by nature a helpful person, there are times in my life when I have done favors for people who were undeserving. I afterward regretted my implusiveness and my overgenerosity. This has happened to nearly everyone and, although I don't believe in going through life putting people under obligations, or only doing favors for those who can reciprocate, my time is valuable and so are my contacts and experience in certain fields. If I can see that another person is a "user" I try to avoid being used if possible.

On the other hand, I have assisted some of my clients in certain ways other than in the investment of their funds in securities. Eventually it has been helpful in expanding my business. Recently I sold a mortgage for a client, and I also had a lost stock certificate replaced that entailed considerable time and effort. I refused compensation in both cases even though the customer offered it most generously.

My reply was that his account had always been a profitable one to me and that I always earned my regular commissions on his business. It was my pleasure to be helpful in these other instances and one thing had nothing to do with the other.

I am sure that although he lives in another city and we do business by telphone and by mail, that should I ever decide to visit his town that he would be only too glad to arrange an introduction with some of his friends and he is well connected. Some day when I offer him something particularly attractive I might also mention that if he has any friends that might also be interested in opening an account with me that I would like to know them.

If You Have Something Good to Offer—Act Like It

If your firm has done a creditible job for its customers, if you have a reputation for skillful investment guidance in your community or nationally whichever the case may be, make what you have to offer IMPORTANT. Remember, if you are a skilled professional with the best of available information and research to offer your clients, you are also doing everyone you advise and help with their investments a VERY DECIDED SERVICE. Put your counsel, your suggestions, and your work on a professional basis. Don't let it be otherwise.

Eugene Vinyard to Be V.-P. of Eppler, Guerin

DALLAS, Tex.—On April 2nd Eugene D. Vinyard will become a Vice-President of Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, members of the New York Stock Exchange. Mr. Vinyard has been a partner in Central Investment Company of Texas.

Eugene D. Vinyard

Howard, Weil, Labouisse to be NYSE Members

NEW ORLEANS, La.—G. Shelby Friedrichs on April 2nd will acquire a membership in the New York Stock Exchange, and Howard, Weil, Labouisse, Friedrichs and Company, 222 Carondelet Street, will become an Exchange member firm on that date. Other partners in the firm are Alvin H. Howard, John P. Labouisse, Walter H. Weil, Jr., Paul T. Westervelt, F. Hunter Collins, Jr., Thomas C. Holmes, Jr., and Forres M. Collins.

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Canada's Great Future

diversification. Our population alone is testimony to the expanding opportunities which the Canadian market has offered throughout this period. The near 5 million increase in our population (aside from the addition of Newfoundland) since the end of the war is the equivalent of adding another seven provinces of the size of those to the west and east of Ontario and Quebec, and the equivalent of several good-sized cities into the bargain.

Sums Up Progress Made

This increase in population, population, leavened by the talents and skills of 1¾ million new Canadians and assisted by the savings of the community and by the flow of capital from abroad, has played a major role in the transformation of our nation. Let me give just a few highlights to illustrate how we have changed. Since 1946 our industrial output has increased by two-thirds. In the same period we have added new towns; doubled the size of some of our cities; linked the country from coast to coast by the magic of television; built trans-Canada highways; trucked, flown, and railed new wealth from our northern areas. We have purchased over 4 million motor vehicles; sold over 70 million tons of newsprint; raised over $3.5 billion to build new churches, schools, hospitals, and colleges. And, as I said, these are merely a few highlights.

In almost every field there are manifestations of progress. Newly developed resources and new capacities, which were missing short years ago, have been added to the picture and we are well along the road to industrial maturity. The growth and diversification of our industrial complex, and particularly in the resource sector, makes impressive reading. Twelve years ago our diversification and capacity, despite the industrial revolution brought about by World War II, were thin by comparison with today. Our export oriented economy still hung largely on the performance of the products of the forest, the base metals, and agriculture. The capacity of our secondary industries to meet the demands of a population which was soon to explode, was limited.

At the end of the war our major mineral was still gold—followed by coal, nickel, and that old family of base metals, copper, lead, and zinc. Total mineral production was valued at about $500 million, only slightly more than in 1939—indeed, there was little expansion in the mining industry or in the forest products group throughout the war. Rather, the needs of war were satisfied by the diversion of materials from peace time to war time production, and by the diversion of export materials to the domestic market.

Slack capacity existed in our export industries when the war ended, but this was soon to be used up as the western world swung over successfully to the production of civilian hard goods of all kinds. By 1949 these demands had largely been satisfied, only to be followed by the stockpiling and defense production demands associated with the Korean War. Hardly had we adjusted ourselves to the aftermath of that conflict when the worldwide commodity boom of 1954 to 1956 broke out.

The impact upon our resource industries is revealed in the production record. The value of mineral production had doubled by 1950 and by 1956 it was to double again. Volume of output during this period multiplied three times as most of our traditional metals experienced greatly expanded markets at home and abroad. Last year Canada produced 350,000 tons of copper and 430,000 tons of zinc—nearly double their postwar lows. The year before we produced 376 million pounds of nickel, and over a million tons of asbestos—a similar rate of expansion. Almost the same story holds true for many other metals and minerals.

While the record was impressive enough for these traditional commodities, Canada was to amaze the world with an outpouring of wealth from resources which had lain dormant since the continents were formed and the ice caps departed. Where are the forecasts of 1945 which could possibly have predicted the future dimensions of iron ore, oil, gas, uranium, or titanium? Output of oil and gas alone in 1957 was equal to the total value of output of the whole mineral economy in Canada before the war. In the same year the value of our iron ore output exceeded long established gold in our mineral hierarchy. Most amazing of all, fledgling uranium contributed nearly $300 million of new wealth last year, a figure which exceeds nickel output by 50%.

While minerals were contributing in such a fashion to wealth and income, our forest products industries were going through their third great expansion of this century. Wood-pulp output, the best indicator of activity in the paper using industries, and lumber production, greatly increased.

Despite these accomplishments, our resources have not by any means seen their heyday. Great new mineral empires are still arising as new oil and gas fields are discovered and new resources such as sulphur and potash arrive on the scene. New methods of harvesting our forests and continual progress in the scientific means by which we plumb the depths of the pre-Cambrian Shield, the Prairie sedimentary basin, or the Cordillera — all point to wealth that will yet unfold even though the unfolding may be uneven at times both in discovery or in market development.

Stimulus to the Economy

We ought to remind ourselves also that the bounty of our resource development should not be assessed only in terms of the value of these commodities themselves. Their significance to Canada must also be judged in terms of the economic stimulation they provide in other sectors of the economy.

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TABLE II

LISTED CANADIAN *Common Stocks*

On Which

CONSECUTIVE CASH DIVIDENDS

Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
		—Canadian $ §—		
Acadia Atlantic Sugar Refineries Ltd. Refines raw sugar cane & produces 80 or more grades & packages of sugar	8	0.50	11¼	4.4
American Nepheline Ltd. Mines & processes nepheline syenite for use in glass and ceramic trade, in Ontario	6	0.04	0.70	5.7
Barymin Explorations Ltd. Holding company, prospecting and exploring various properties N W Ontario.	9	0.03	0.70	4.3
Campbell Red Lake Mines Ltd. Ontario gold producer	7	0.35	11⅝	3.0
Canada Cement Co., Ltd. Portland cement	9	1.00	34	2.9
Canadian Arena Co. Operates Montreal Forum	6	†3.00	151	2.0
Canadian Dredge & Dock Co., Ltd. General dredging; construction & repair work on waterways	9	1.15	25½	4.5
Canadian Ice Machine Co. Ltd. Engaged in air-conditioning and refrigeration field from manufacturing to installations.	7	0.10	b7	1.4
Canadian International Investment Trust Ltd. Management type of investment trust	8	0.85	19	4.5
Canadian Vickers, Ltd. Shipbuilding, repairs; also makes industrial and mining machinery	9	1.375	22	6.3
Castle Trethewey Mines Ltd. Silver producer, also has considerable investment portfolio	7	0.15	b4.75	3.2
Catelli Food Prod. Ltd. "B" Manufacturers of macaroni, vermicelli, noodles, fancy pastes and canned foods. Plants at Montreal, St. Thomas and Lethbridge	9	1.50	52	2.9

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Combined Enterprizes Ltd. Owns & operates companies mfg. food flavors, paints, industrial rubber goods, moulded drug sundries, elevator gears & machinery. Plants in Montreal, Toronto and Farnham, Ont.	6	0.60	11½	5.2
Consolidated Bakeries of Canada Ltd. Holding Co. through subs. operates 19 bakeries in Ontario & Quebec	6	0.50	b8⅝	5.8
Consolidated Discovery Y'knife Mines Ltd. Gold producer, Yellowknife Dist., N. W. T.	5	0.23	3.80	6.1
Dominion Corset Co. Ltd. Manufactures ladies' foundation garments	9	1.00	19¼	5.2
Dominion Scottish Investments Ltd. Investment trust of management type	7	1.00	b30¼	3.3
DuPont of Canada Ltd. Manufactures chemicals, textile fibres, commercial explosives, etc.	5	0.50	20¼	2.5
Empire Life Insurance Co. Operates as life insurance co.	8	0.80	b60	1.3
General Bakeries Ltd. One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	8	0.30	7¼	4.1
Giant Yellowknife Gold Mines Ltd. Gold producer Yellowknife area, N. W. T.	6	0.15	7.35	2.0
Great West Saddlery Co., Ltd. Wholesale distributor of general store mdse., and riding goods	9	1.00	b45	2.2
Hughes-Owens Co. Ltd. "B" Mfg. & retailer of drafting equip. scientific instruments & artists' supplies	6	0.40	b14½	2.7
International Bronze Powders Ltd. Holding co. Subs. manufacture bronze and aluminum powders	8	0.70	b12¼	5.7
Interprovincial Building Credits, Ltd. Home improvements financing	7	0.70	b10¼	6.8
Interprovincial Pipe Line Co. Owns & operates crude oil pipeline from Red Water, Alta. to Superior, Wis. and Sarnia, Ont. 1,770 miles	6	1.80	49¾	3.6

♦ Quotations represent Dec. 31, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

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Canada's Great Future

The direct impact upon employment and incomes, upon investment, and the stimulating effect upon the extension and development of hydro facilities, railway lines, housing facilities, and air transport are measurable and significant in our growth. By way of illustration it is worth noting that Canada, as a result of the demand created by our industrial and consumer growth, has added more electric generating capacity since the end of the war than existed in total at that ime. The Kitimats, the Labradors, the Atikokans, the Moak Lakes, and the Prince Ruperts have had a large part to play in this development. And these same resource development projects have had a great effect upon the railways.

Throughout these years, the railways have been building lines to provide transportation into new mineral fields, thus paving the way for the finding of further new wealth in the process. This period of railroad building has been different from that of the turn of the century. Then, we were concerned with great lines which followed our longitudes and attempted to bind the nation together. In the 1950's shorter fingers of steel have pointed northward, probing once again the Labradors, the Moak Lakes, the interior of British Columbia, the Manitouwadges, or arching up through the Chibougamau. Despite the passing into history of the great railroad building days, it is noteworthy that although some lines have been dropped since the end of the war, total track mileage has expanded by over 2,000 miles—or roughly the length of the Trans-Canada gas pipeline. This last mentioned newer form of transportation has also fashioned tighter economic ties across the nation for the Leducs and Pembinas, the Redwaters, and the Pincher Creeks have stimulated the growth of thousands of miles of oil and gas pipelines from Vancouver to Montreal since 1947.

The only common denominator, however, by which we can draw together these related developments, is that of the magnitude of the investment involved. In the past half dozen years alone, the mineral, forest, fuel, and power industries in Canada have invested over $11 billion in the finding, developing of new resources, and in the building of plant to produce and process and transport them. The energy industries alone have accounted for three-fifths of this investment program, with oil and gas being the prime mover.

We all know the impact these events have had upon us. The world demand for our bounty, which triggered the investment boom, also was instrumental in raising the standard of living of the Canadian people and drew along in this stream of growth many of those domestic industries which provide us with the manifestation of our material progress. The more than 3.5 million automobiles which Canadians drive, the 1,300,000 new postwar houses, the 3.5 million television sets, are all testimony to the second highest standard of living in the world. These large new demands placed upon our domestic manufacturing industries contributed greatly to increased investment and production over the past dozen years.

The physical output of our manufacturing industries last year, despite the recession was 50% higher than at the war's end. We have added about as much steel capacity since the war as we had before the war. Our chemical industry has experienced almost uninterrupted and dynamic growth. Our oil refinery capacity, as you well know, has more than tripled. The motor vehicle industry has been largely rebuilt and can produce more than three times its early postwar output.

Plight of Secondary Industries

These are some of the signposts of our accomplishments and, if they sound overly optimistic, perhaps we should remind ourselves of some of the chronic problems we have had in the postwar period in some of our secondary industries. Our textile and clothing industries are producing at lower levels than they were in the early postwar period although Canadians are buying far more per capita now than they were a decade ago. In addition, we must remember that the total market has been enlarged by five million new consumers. Here we have an illustration of the other side of our industrial picture. Many Canadians apparently find the prices of many manufactured products which foreign suppliers offer, more attractive than our own. These are not the same Canadians by and large who are working in the many established textile communities across Canada, and we therefore have a conflict of interests. What we should do about this is a difficult decision. As consumers we want to buy in the best price market if other things are equal, but as Canadians we are keenly aware of the misfortunes involved in shifting from one resource to another.

The Government is, of course, asked to do a good many things as all Governments have been asked to do for ages past. Whether it be oil, or cola, or textiles, or

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housing, or any of our industrial sectors which desire relief from a given situation, I think we should keep in mind two very fundamental aspects of such problems.

Granting that governments can do things which individuals or associations of individuals cannot do—indeed this might be a layman's definition of government—we must also realize that resort to government as the final solution to our problems is at some significant cost. Although the answers are difficult to come by, I think all will admit that if tariffs are raised we have to balance the scales of fostering the preservation or growth of an industry against the handicaps for the consumer and the attitude of the trader.

If embargoes are put on the import or export of any commodity we have to weigh the benefit in terms of security, or an upswing in this or that sector, against the cost of interfering with the normal flow of trade which generally means an interference with the price system. Whichever way any of these issues is decided can neither be described as all bad nor all good for there are always two sides before an issue can be stated. Since the Federal Government is the ultimate expression of our people in their daily affairs, it is often the final arbiter of these issues, but the onus which is on the Government is to make decisions that are in the best interest of the greatest number of Canadians for as far into the future as it can see.

Government's Role

What should Government's role be in charting industrial growth and diversification over the years ahead? Should it, as some people have said, continue to lay less emphasis on the domestically oriented industries which provide so much employment, or stress a free trading world which the resource industries claim Canada must set an example in? Should it, as others suggest, thwart the freer flow of trade and concentrate on devoting more of our energies to the production of goods in Canada for the Canadian market—thereby raising the numbers of job opportunities even though the standard of living may not be as high?

Fortunately, the objective does not have to be settled in terms of free trade or protection. We are not living in a freely competitive world, nor are we convinced that we ever will, but we are convinced of some of the blessings that such a world, to a degree, holds out for us. On the other hand, the ebb and flow of trade can well cause temporary disasters for a particular sector of the economy which, if unrelieved, results in sickness or even death for the patient. Some forms of reliefs in such cases is warranted if we believe that the social distress will be alleviated in no other way and that the particular sector should have intermediate assistance to weather a storm. The difficulties in making such policy choices lie in deciding whether or not the assistance will really solve the problem and, if granted, whether it becomes a permanent feature. For Canada, a policy for industrial development — like so many other national policies—can be one of compromise. We must strive to create the kind of trading world in which our customers continue to buy increasing quantities of our wheat, our newsprint, our minerals, and our manufactured goods—and at the same time create the opportunities for growth in our domestically oriented industries in keeping with efficiency and value to the consumer. Neither objective should be sacrificed to the other for the simple reason that you shouldn't put all your bets on one horse. A nation of nearly 17.5 million people offers a limited market for many of our industries, but at the end of the war that market was only 12 million. By 1965 we may have a market of 20 million, and by 1975 one of 25 million consumers. An enlarged market will solve many of the problems of limited scale of production, or unused capacity, or economy of scale which plague many industries today.

This is not to suggest that we all sit back and let events take their course, but a look at the future of this country suggests there are still many problems which private enterprise can solve if hasty decisions or recourse to government s o l u t i o n s do not change the climate before the future unfolds.

A nation of 25 million consumers may require 250 million bushels of wheat compared with the 170 million bushels consumed from the crop last year; 90 to 100 million pairs of footwear compared with the 60 million pairs; or perhaps 2½ times the 750 thousand barrels a day of petroleum products consumed last year.

Even with the lever of population growth working so mightily to our advantage, we should not expect that economic growth and diversification will be smooth and even. History, even our postwar history, emphasizes how intermittent periods of rapid expansion in world commodity demand and related investment programs in Canada are followed by levelling out periods. We cannot be assured that we will always be fortunate in experiencing only a levelling out after such periods of expansion, but the postwar record is encouraging in this regard.

Diversification and Versatility

Perhaps one of the major reasons for Canada's performance throughout these periods and the recent recession, is diversification itself. In our investment program and in our export trade we saw some of the marks of versatility last year which point to a more flexible economy with a more diversified range of opportunities. It is interesting to note for instance that investment in the forest and mineral products industries declined from nearly $1.1 billion in 1957 to something over $600 million last year. Despite such a fall-off there was a great deal of strength in the fuel and power sector, where the groundwork is being laid for the long term haul. In the transportation, storage, and communication sectors another billion dollars was invested, a repetition of the 1957 performance. The fall-off in the commodity producing and energy sectors in terms of investment last year permitted institutional and financial services, municipal and provincial authorities to expand their facilities. In addition, we have a publicly and privately sponsored resurgence of housing construction. For a nation that thrives on growth in the com-

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CANADA ADVANCES TOWARD NEW ECONOMIC HORIZONS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 —Canadian $ §—	Quotation Dec. 31, 1958♦	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Jamaica Public Service, Ltd. Holding company. Holds all common stock of Jamaica Public Service Co. Ltd. which serves Jamaica with light & power from 2 steam electric, 5 hydro-electric and 4 diesel power generating stations. Capacity 66,645 hp.	6	0.51	22	2.3
Lambert, Alfred, Inc. "B" Manufacturers, wholesalers and retailers of footwear goods	8	0.60	12¾	4.7
London Canadian Investment Corp. Investment trust, management type	8	0.30	9	3.3
Lower St. Lawrence Power Co. Quebec electric utility	8	1.00	32½	3.1
Maxwell Ltd. Manufactures washing machines, dryers, lawn mowers and food choppers	9	0.40	b5	8.0
MacKinnon Structural Steel Co. Ltd. Fabricates and erects structural steel.	6	1.00	15	6.6
Mexican Light & Pr. Co. Ltd. Directly and through subsidiaries operates lighting and power systems in Mexico City.	5	1.00	13½	7.4
Milton Brick Co. Ltd. Makes first quality face brick	9	0.20	2.85	7.0
New Dickenson Mines Ltd. Gold producer Northern Ontario	5	0.125	2.60	4.8
Ontario Jockey Club Ltd. Operates several horse race tracks in Ontario	7	0.10	1.90	5.3
Parker Drilling Co. of Canada Ltd. Owns & operates oil drilling rigs in Western Canada	6	0.25	3.25	7.7
Quebec Telephone Provides telephone services to some 300 towns & villages in 17 counties of Eastern Quebec	8	0.90	29	3.1
Quemont Mining Corporation Ltd. Produces gold, silver, copper, zinc, and pyrites in Quebec	8	0.75	12	6.3
Reitman's (Canada) Ltd. Through holdings of 3 subs. operates 86 retail clothing stores in Ontario and Quebec	8	0.75	21	3.6
Rolland Paper Co., Ltd. "B" High-grade bond writing paper & related products	9	0.40	26	1.5
St. Lawrence Corporation Ltd. Newsprint and allied products	8	1.00	16⅜	6.1
Siscoe Mines Ltd. Holding Co. with interest in various mines located in Ontario and Quebec.	9	0.03	0.68	4.4
Switson Industries Ltd. Mfgs. vacuum cleaners, floor polishers, gas heaters, furnaces, etc.	6	0.28	b4.25	6.6
United Keno Hill Mines Ltd. Silver-lead-zinc-cadmium producer, Yukon	5	0.32	4.00	8.0
Victoria & Grey Trust Co. Operates as trust company	8	1.20	b30⅛	4.0
Wood Alexander Ltd. Operates wholesale hardware business	8	0.30	4.25	7.1

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§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

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modity producing sector, we did remarkably well in 1958.

In the export field, the 1958 record equalled that of 1957 and here again some tribute must be paid to versatility. We are not in the position of being wholly dependent upon any single export staple, nor on any single group of commodities, for our export prospects. We are known around the world as a source of forest products, agricultural products, mineral products, fishery products, and selected manufactures. Few commodity producing export oriented nations are cast in such a favorable role. In 1958, while our great forest products industry was suffering a cutback in world demand, we considerably increased our exports of agricultural products. At the same time that some of our minerals and metals were encountering difficulties, our fisheries were finding larger markets abroad. While some of our manufactured products were encountering export difficulties, others rather unexpectedly came to the fore. Thus, where exports of nickel, asbestos, the base metals, and iron ore declined; wheat, cattle, uranium, aircraft, and farm machinery stepped in to fill the gap.

This trend is evident even over longer periods. Some of our agricultural products have declined in relative significance in our total export trade, although not absolutely. Meanwhile, products of the forest and mine have increased their share of total exports. In such fields as synthetic rubber, chemicals, aluminum, iron ore, oil, gas, and asbestos very large gains have been made as shares of total exports. In other words, there are more strings to our export bow than ever before.

Of course diversification in the export market is a different proposition from diversification in the domestic market. In the first instance, the world is our market and we have the resources and the technical skills on our side. In the domestic market, we have skilled labor resources and access to capital. In both we have rising costs as a mark against us. The fundamental difference lies in the scale of the market. This accounts for the fact that over 75% of our \$5 to \$6 billion annual import bill consists of purchases of fully manufactured goods, while a further additional 5% consists of partially manufactured goods. This is not to suggest that we should make everything we need, but there must be literally hundreds of developing markets in Canada for manufactured products which have already reached the size which will warrant an economic run. Many of these opportunities are not seized because of traditional trade contracts built up over the years with foreign suppliers. Others are unknown because of limitations of knowledge imposed by lack of detail in our trade statistics. In any of these instances where the Canadian market is a growing one, much could be done to fill in the fabricating gaps in Canada's secondary manufacturing industry without being accused abroad of being poor traders.

A good deal of progress has been made in this direction already. New products and processes have continuously been added to the list of things we can do. Polyethylene, titanium pigments, synthetic fibres, carbon black, and a myriad number of production bits and pieces have helped to add over 300,000 jobs to our manufacturing industry payrolls since the end of the war — which, in turn, had grown by over 400,000 jobs during the war years. That there are difficulties involved in expanded secondary manufacturing capacity in an economy whose costs are high relative to sources of supply in Asia and Europe is admitted, but on the other hand, North American tastes dominate our markets and the advantage of ease of service and fast delivery mean something to the price comparison between two products.

Question of Costs

There will be a good deal of emphasis on costs in the type of trading world we are moving into, and in Canada we have to be concerned about both our export prices and import prices. Since our secondary industries employ about twice what our primary industries do, their growth is very important to the growth of employment opportunities in the future. Our resource industries are relatively light employers of labor by comparison, but are great stimulators of activity in a secondary fashion through the construction and capital goods sectors. For these reasons there is a great need to watch our export and our import costs.

But costs are not the only fundamental in the process of expanding our markets at home and abroad. We are moving rapidly into a new kind of growth climate which involves research and technology. An age of petrochemicals, plastics, electronics, nuclear physics, and space machines will place a good deal of emphasis on technology and research — an area where we in Canada have yet a long way to go.

Growth of Western Provinces

At this point I would like to make a few observations on the Western Provinces, for events on the economic front in the West have been typical of the Canadian scene.

The ushering in of new resources, the attraction to investment, and the burgeoning of income, are part and parcel of the broadening of the industrial base across the country — indeed, because of oil and gas, developments here have re-directed the course of our national economy.

A few figures lend weight to the economic movements at work in this region. Ten years ago, capital investment in the four Western provinces totalled nearly \$1 billion annually. During the past three years, new capital sums almost triple that figure have been invested annually. British Columbia has been investing on an average over a billion a year throughout this more recent period, and Alberta is fast approaching a similar annual scale of investment.

The results of such a program have been better transportation facilities, expanded and greatly diversified industrial plants, more irrigation, large new power projects, thousands of miles of field, gathering and oil and gas transmission lines, and — above all — expanded job and income opportunities. From 1947 to 1958 industrial employment (outside agriculture that is) has grown by 70% in Alberta, and the oil and gas industries have had a stimulating impact in this regard.

All the way from the manufacturing sector through to the servicing sector, new opportunities have opened up. These are manifest in the new pipe mills, the new plastics plants, new fertilizer facilities and in the stepped up tempo of business in a hundred prairie towns and cities. One of the largest aluminum smelters in the world has arisen on the West Coast; the world's second largest source of nickel is being developed at the eastern extremity of this region. And in between, there is developing what may become the world's potash capital — and recovering large new volumes of sulphur and other petroleum derivatives. Large new asbestos deposits are being worked; new paper mills have been built. Several components of a petrochemical industry are already established. Uranium City and the South Saskatchewan Dam mark yet other developments — and so on across the west.

I have referred to this variety of developments because they highlight the diversification of the western region of Canada. The four western provinces received \$1.4 billion as cash income from the sale of farm products last year, but they also turned out minerals and fuels valued at nearly \$800 million — or nearly five times what it was at war's end—and produced manufactured goods valued at over \$3¾ billion compared with \$1.4 billion in 1946.

Reflecting the rise in income generated by this growth in the western provinces, consumer purchases at the retail level have grown significantly. Retail sales last year were over \$4.5 billion compared with \$2.7 billion in 1947, and accounted for 30% of all retail sales across Canada.

As I pointed out earlier, one of the prime movers in bringing about this transformation of the face of the west, has been oil and natural gas. There is hardly a citizen, a local government, or an industry here which has not felt the impact of these large newfound resources. And the very fact that it has had such an impact on the west is indicative of the lusty and dynamic growth of this early period of its history. The crude production section of the industry is, relatively speaking, a youthful part of the Canadian petroleum industry and we cannot expect to have come so far, so rapidly, without the growing pains which accompany such feats.

Seen in this light, oil has been a great contributor to our postwar growth. It has suffered a setback just as the national economy has, but it will surely recover and grow—if its course of action is planned with a broad vision of the future rather than being based upon any short term expedients.

Current Economic Outlook

Before concluding, perhaps I can say a brief word about the current economic outlook. In my opinion, 1959 will be a good year for Canada. Last year was one of both recession and partial recovery for the Canadian economy. Today we are on the upward path and this trend can be expected to continue. Taking all factors into consideration, I think we can look forward to an increase in the volume of national output of 3% to 4% — a rise about equal to the postwar average.

The factors which are most likely to contribute strongly to the upward trend are an increase in consumer spending and a rebuilding of business inventories. Forecasting the trend of our exports is always difficult, but there are grounds for believing our merchandise exports will move up slightly in 1959. Capital investment by business will not be an expansionary force as it is likely to be down somewhat from the 1958 level—especially in the first half of the year. However, capital formation by governments is likely to rise further. With regard to exports, a favorable factor here is the marked recovery trend now evident in the United States.

May I reiterate that I expect the current year to be a good one, with national output being up both in volume and dollar terms. However, unemployment and rising prices are likely to be a continuing problem.

May I conclude with a statement of faith. A great future lies ahead for this nation of ours if we take advantage of our opportunities—and perhaps I should underline that "if." The future will be what we make it. We are richly endowed with human and material resources which should enable us to pace the world. True, we have problems, but intelligence, imagination, hard work, and self-discipline will enable us to remove the obstacles on the road of progress.

New York Reserve Bank Discusses Recovery, External Strength of the Dollar and Lagging Employment

Some exaggerated apprehensions about external strength of the dollar and strong business recovery with slowed employment hiring response are two subjects analyzed by N. Y. Federal Reserve Bank. One of the conclusions drawn is that we will have to learn to live with consistently more intense foreign competition. Another is that demand and output must considerably expand to bring unemployment rate to its prerecession level.

The forward momentum of business activity was apparently maintained in February, according to the March "Monthly Review" of the Federal Reserve Bank of New York. Steel output made a striking advance while strike settlements cleared the way for stepped-up production in several other important durable goods industries.

The Reserve Bank article reported that construction activity was again a source of strength, continuing near record levels in February. An important additional stimulus to economic expansion seemed to be coming from business inventory rebuilding after the deep cuts made last year. Meantime, the near-term price outlook has not changed much. Consumer prices were virtually steady in January and wholesale prices, which had risen seasonally in January, tended to ease in the first two weeks of February.

In January, however, as in the preceding several months, there was little improvement in total employment or unemployment apart from the usual seasonal developments. Since September nonfarm employment (seasonally adjusted) as measured by the Bureau of Labor Statistics has risen at an average rate of 50,000 per month, only about one-third as much as in the earlier months of recovery. Since most of the temporary holiday jobholders withdrew from the labor force in January, the increase in the number of unemployed persons was less than half the drop in the total employment. The seasonally adjusted unemployment rate was virtually unchanged at 6%, the level near which it has remained since November.

Lagging Employment Behind Recovery

With the employment situation still responding only slowly to the strong expansion in business activity, more than usual attention is being accorded to the various statistics of employment. The Reserve Bank article discusses at some length the differences between the two major sets of labor market data, one gathered by the United States Census Bureau and the other by the Bureau of Labor Statistics (BLS).

Industrial production continued to advance in January, according to the article. As in the preceding month, there was a one point rise in the Federal Reserve Board's seasonally adjusted index. After climbing steadily from its low point last April, industrial production in January was only 1½% beneath the prerecession level. The favorable trend of production was apparently maintained in February, according to the Reserve Bank. Steel output scored further impressive gains, averaging 84% of capacity during the month compared with 74% in January. In terms of actual tonnage more steel was produced in February than in any month since May, 1957.

Although total output and incomes have been expanding steadily so far in 1959, the accompanying recovery in employment has been disappointing compared with that achieved during the previous postwar business upswings. Unemployment is still high for a period in which production is on the verge of, or even at, an all-time peak. A considerable further expansion of demand and output will be required to bring down the unemployment rate to its prerecession level.

Notes Exaggerated Dollar Apprehension

In another article, "Toward a Stronger International Payments System," the "Monthly Review" noted a marked improvement in the international liquidity of industrial countries abroad and a strengthening of the international payments system in general. The apprehensions of only a year ago that the United States recession would necessarily lead to a severe and general international payments crisis not only did not materialize, but foreign gold and dollar holdings rose by a record \$4.1 billion, largely as a result of transactions with the United States.

The decline in the United States gold stock, together with the sharpness of the cutback in United States exports in 1958, has given rise to some concern over the external strength of the dollar and has led to assertions that United States products were pricing themselves out of the world market. Commenting on such assertions, the article noted that while some of the apprehensions seem to have been exaggerated, it seems clear that the United States must henceforth learn to live with considerably more intense foreign competition. The revitalization of foreign economies that this change reflects has been one of the principal aims of United States postwar foreign economic policy. Last year's decline in United States gold stock, however, can in no sense be regarded as a run on the dollar. Most countries financed their 1958 gold purchases by newly gained dollar balances rather than by the liquidation of existing assets. Indeed, foreign countries continued in the aggregate to increase their dollar holdings by still another one billion.

With William Fuller

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Daniel C. Trinkaus is now connected with William A. Fuller & Co., 209 South La Salle Street, members of the Midwest Stock Exchange. Mr. Trinkaus was previously with Stone & Webster Securities Corporation.

John A. Stewart

John A. Stewart passed away March 14 at the age of 75 following a brief illness. Mr. Stewart had been a member of the New York Stock Exchange for 54 years.

Public Utility Securities

By OWEN ELY

Tucson Gas, Electric Light & Power Company

Tucson Gas, Electric Light & Power supplies electricity and natural gas to the City of Tucson and environs, and electricity to a nearby rural area about 50 miles in length. At the end of 1957, the company served about 64,000 electric and 54,000 gas customers.

It is located in one of the fastest growing areas in the country. In the decade ending 1957 population in the Tucson area increased 78% to 220,000, and the number of customers gained 127%. Studies made by the company and the Arizona Industrial Development Board forecast annual gains of 10-12,000 new residents annually for some time to come. The projected population for the City of Tucson (only) for 1975 is 500,000. The company's 1957 report stated:

"Although Tucson is influenced by national economic conditions we feel that it is less vulnerable to such effects than other sections of the country and that growth of industry, commerce and population will continue at spectacular rates for many years. Some evidence of this is the fact that there has been no reduction in the production of open pit copper mines from which the company derived 7.8% of its electric revenue during 1957. In fact additional explorations are being made continuously and we have every expectation that our mining sales will continue to increase. Continued stability of the company's revenue is indicated by the fact that 67.4% of total revenue was from residential and commercial electric and gas service during 1957."

As the result of rapid population growth the company's revenues have increased from $4.2 million in 1948 to over $17 million in 1958, while net income has risen from $730,000 in 1948 to $2,632,000 last year. Share earnings and dividends have increased in every year since 1950, except in 1958 when the earnings based on average shares remained about the same at $1.13. After adjustment for three 2-for-1 splits in 1948, 1953 and 1959, the price of the stock has risen from less than 4 in 1948 to a recent high of around 31.

While the principal attraction of the Tucson area is its climate, and the tourist industry and irrigated farming have been major activities along with some mining and refining of copper, manufacturing industries are beginning to move into the area. The Douglas and Hughes Aircraft Companies are operating there, encouraged perhaps by location nearby of two large Air Force Bases.

The company generates about 76% of its output from steam generating plants and purchases the balance (hydro) from the Bureau of Reclamation and the Arizona Power Authority with which it has contracts. The company has been able to increase its efficiency sharply in recent years by installation of new steam plants. Thus in 1957 the number of Btus required to produce one kwh. was 12,424 compared with 15,203 in 1953, a saving of 18%; production cost of power was reduced from 5.5 mills to 4.4, a decrease of 20%. Line losses were also reduced from 10.6 in 1953 to 7.8% in 1957, effecting an additional saving in costs of nearly 3%. Further efficiency gains may have been obtained in 1958 when a new 75,000 kw. unit was scheduled for operation. A similar unit will be installed in 1960. Peak load increased about 17% to 137,000 kw. in 1957; and despite the industrial recession and its possible effects on copper mining, peak load in 1958 increased 12% to 152,000 kw.

Revenues in 1958 were about 68% electric and 32% gas. A breakdown of revenues between classes of customers is not yet available for 1958, but in 1957 residential sales provided 37% of electric revenues, irrigation 4%, commercial 28%, industrial 28% and miscellaneous 3%. Gas revenues were 56% domestic, 15% commercial and 29% industrial.

The company has been fortunate in being able to take care of its construction program without much equity financing and resultant dilution of share earnings. With a relatively high equity ratio (40% in 1951) the company did not have to issue additional stock in order to raise the equity ratio and lower the proportion of debt, as so many utilities had to do. Without adjustment for splitups, the company issued 66,000 shares in 1949, 140,000 in 1952, 100,000 (originally planned for 200,000) in 1957, and 120,000 late in 1958. As construction expenditures will be relatively low in 1960-61, it is possible that the company will be able to defer further sales of common stock until around 1962, when construction expenditures will increase sharply.

As a result of the large units now being installed in relation to total capacity, there will be a generating reserve next year estimated at nearly 50%, but this is expected to drop to 35% in the following year. The substantial reserve is due to the requirement of being able to take one large generator out of service at any time for overhaul and maintenance.

While the gain in share earnings may be a little slower over the near-term future because of the rather substantial equity dilution in the past two years and the substantial excess capacity over immediate requirements, share earnings may not increase quite as fast as in the past. However, assuming that company is permitted to maintain its rather liberal rate of return earned on investment (about 7.7% in 1957) the common stock should be able to maintain its position in the ranks of "rapid growth" utilities.

At the recent over-the-counter price around 30, paying 76¢, the stock yields about 2.5% and sells at about 27 times the earnings of $1.13 for 1958 (based on average shares).

With Amott, Baker

WATERBURY, Conn.—Rudolph Follo and Louis Maiette have become associated with Amott, Baker & Co., Incorporated, 51 West Main Street, members of the New York Stock Exchange, as registered representatives.

Mr. Follo served with the United States Navy during World War II and for the past 12 years has owned and operated his own business in Waterbury.

Mr. Maiette is a long time resident of Waterbury and prior to joining Amott, Baker and Co., had several years experience in the investment business.

Joins Walston & Co.

(Special to The Financial Chronicle)

MEDFORD, Oreg. — John W. Harbison has been added to the staff of Walston & Co., Inc., 127 East Sixth Street.

Herbert V. B. Gallager

Herbert V. B. Gallager, a partner in Yarnall, Biddle & Co., Philadelphia, passed away on March 14.

Continued from page 7

The Alternative to Inflation To Expand Economic Growth

comes regardless of productivity result in greater demand which in turn calls for increased production. Now, if this were so, I for one would consider 5% a picayune ambition. Why not 6, or 8 or 10? Pick your own number and let's take off. The choice of 5% as the magic number indicates to me that those who tell us we can reach it by the simple process of throwing off budgetary and monetary restraints, do not, in fact, believe what they say. They must know it is not that easy, that real difficulties are involved, that an increase in incomes is not necessarily an increase in production, because, among other things, no one can predict how the incomes will be used. It is only out of production increases that we can get a **real** increase in economic growth.

Those who claim that incomes should be increased by Government spending seem to ignore the fact that Government outlays are growing at a rate in excess of 5% a year. They are increasing at a rate far beyond even the high estimate of the Rockefeller Economic Report. That is particularly true in non-defense spending. In the 2½ years from the end of calendar 1957 through fiscal 1960, Federal, State and local spending, excluding foreign aid and defense outlays, will increase by 8.5% annually, in the terms of 1957 prices. Since fiscal 1957 our major national security outlays have increased 6%. All other Federal programs together have risen 33%, since then. This rise is from an increasingly large base. By any standard, it would appear that governmental spending is doing more than its share. It should be governed entirely by our defense **needs** and should not be subject to restraints or spending pressure unrelated to those needs. The use of defense outlays to achieve economic growth is not the right way to get either defense or growth.

In its national defense study, CED said that where the security of the nation is concerned, "we can afford what we have to afford." So long as we are not in a shooting war, or some other crisis demanding a precipitous rise in defense outlays, we should be willing to pay the cost out of our current incomes. What we have to afford should be decided not by self-seekers, or ill-informed spokesmen in Government, business or labor, but by the most competent authorities. And I believe the country considers the President to be the most competent and best informed of all.

Let us then consider the kinds of governmental spending that are both pertinent and critical to growth. Those types of Federal outlays alone have increased five fold since 1950 and close to three fold since 1955. In spite of what you hear about our failure to provide funds for research and development, the facts are that since 1955 Federal outlays in these fields, exclusive of defense programs, have increased over 200%. Federal spending for highways has risen during the same years nearly 400%. Federal spending, exclusive of research and development, on aviation and space exploration, has gone up over 200% since 1955. Outlays for education rose 46% and for health 17%. Meanwhile, state and local spending in most of these areas has also been rising fast. As an instance, from the 1953-54 to the 1958-59 school years, public school expenditures of state and local governments, excluding Federal aid, rose from $8.7 billion to $14 billion.

I think we have already answered the first two questions. We will not and should not be content with our historic rate of economic growth, even though a higher rate is difficult to attain. We cannot do it, though, by some simple expedient, such as hiking government outlays and running big government deficits. It is not that easy. Government has a definite role, a limiting or conditioning role, in helping to create the right atmosphere for economic growth.

But must we, nevertheless, call upon inflation as a stimulant to economic growth? The answer is no. Moreover, the answer is that we not only do not **need** to call upon inflation to stimulate economic growth, but we **should not** do so.

Why There's No Cure in Inflation

Before we discuss the constructive measures that could give us more rapid economic growth, let us consider why we do not want inflation, as a policy partner in the process. The inflation I am discussing is long-term, accepted and expected as a way of life, a persistent rise of prices in general. We are not concerned here with changes in particular prices which are reversible, responsive to our changing needs, desires and tastes. In the Rockefeller Report we said that "reasonable stability of the average consumer price level should be explicitly recognized as a high objective of national policy by a Congressional declaratory Act, preferably through an amendment to the Employment Act."

Rapidly rising prices hurt those least able to defend themselves. In its simplest terms, inflation is a cruel, unvoted-on tax, levied upon all who are dependent on fixed incomes. This is a considerable number of people, as well as institutions. It produces gross inequities, confuses and falsifies the economy. History is full of the disastrous results of unchecked inflation. We have managed to create an economy in which a greater proportion of people than ever before are in the possession of some liquid assets. "Savings built this country," says Secretary Anderson. "If inflation is allowed to continue, people will become less willing to save, total savings will drop, speculation will be encouraged. Investment in fixed income securities will cease, and economic growth will be hobbled." The bond business will suffer irreparably.

Rising prices, forced by higher wages, will have a serious effect on our trade abroad. Any slackening of our export business means a lowering of employment and a lower level of economic activity.

Finally, and perhaps most important, inflation at best is not a dependable prop. The inflation boom creates the danger of the deflation bust. If this does not happen, the inequities already mentioned will mount to the point where the public will revolt, and demand Government controls. We know from past experience, that economic controls of the war-time variety, work poorly. We know that in peace time they have economic consequences worse than the ills they are designed to remedy. I speak feelingly on this subject, because in the Federal Reserve during the Korean conflict we had to establish and administer credit controls affecting housing, automobiles and appliances. Only in a period of war, or in the gravest crisis, should they be resorted to.

If we set out to chase the will-o-the-wisp ambition, to get more out of our economy than we produce and follow the policy of spending ourselves rich, we risk winding up losing our freedom of political choice, and with that loss, the means to correct economic injustice. It is difficult to think of another plan for economic expansion where the risks are so high, and the cards so stacked against us.

What, then, is a better plan?

Offers a Better Plan

Let us first remind ourselves of something that is often overlooked in this argument. We are not short on the means for economic expansion. The frontiers that are just beginning to be opened to us by science dwarf to insignificance the historic American frontier of open unused land. We have unleashed the force of the atom, and we shall soon be able to put it in practical harness. The use of solar energy may be an even more important new source of power. Beneath the thin outer crust of the earth that we mine today, lie much greater mineral treasures for us if we can learn how to get at them. Other vast, almost untouched stores of minerals are at hand in the rich chemical broth of the seas. We can only guess what the exploration of space will bring forth. Technology is inventing new materials and methods faster than we can put them to their best use. Beyond the countries of the industrialized west, a third of humanity exists in free world nations that need development.

We do not live in a time of shortening horizons, but rather in a time of explosively retreating horizons. What we most need is the wisdom and the spiritual qualities to manage our affairs properly in such a world. Where economic growth is concerned we must realize we can achieve growth only by working for it. We cannot wish economic growth into being by way of deficit financing.

A program for an expanding economy must be realistic. It must include policies that will:

(1) Encourage initiative and enterprise, saving and investment, and give reason for confidence in our future growth and prosperity.

(2) Use the Government's fiscal and monetary powers to contribute to growth by aiming always at high employment, but at the same time setting our sights on reasonably stable consumer prices.

(3) Reform our tax system in ways that reinforce incentives for growth.

(4) Increase the flexibility of our free economy, by such means as strengthening competition among businesses, and eliminating selfish practices of both labor and management.

(5) Encourage the flow of venture capital to small business, one of the really constructive forces of our economy.

(6) Strengthen the underpinnings of economic growth, through urban redevelopment and highway construction, support for education and welfare and through wise use of natural resources, particularly water.

(7) Encourage expansion of international trade and economic growth throughout the free world.

(8) Keep the scientific and technological revolution going, and growing, by strengthening incentives and providing necessary educational facilities and funds for basic research.

(9) Reduce and ultimately eliminate Governmental spending in areas where private enterprise can do the job better.

Some of these policies would require increased spending by the Federal or other governments. They would, however, use the power of Government to tax and spend for objectives that would

stimulate our economy and guard our resources. They recognize that the main role of government in economic growth lies not so much in spending as in wise, flexible and interlocked fiscal and monetary policies.

It is a simple truth proven time and again that no one can live indefinitely beyond his income without going bankrupt. This applies to a nation, as well as to a business or an individual. We know also that high standards of financial integrity should be practiced in government, as well as in business and private affairs.

In government this means that purchasers of government securities should be safeguarded, to the extent of protecting insofar as possible, the value of the dollars they will receive at maturity. Too often the interests of these people have been entirely overlooked by the free-spenders in government. As I have said before, we are all agreed that we must make the expenditures necessary to provide an adequate defense. And in periods of business recession, or in times of dire emergency, we recognize the necessity for the government spending more than its income. However, that course cannot be followed indefinitely, without seriously weakening our national credit and the value of the dollar. The Soviet would like nothing better than have us weaken our economy, especially if it is done without any effort or sacrifice on their part. The easiest for the communism to win its battle against the free world is to have the United States Government follow unsound economic and fiscal policies.

We must alert the voting public to this danger before it is too late and urge upon them the necessity for demanding of the Congress that our government follow the sound course, rather than continue down the easy road of spending.

I know that we are in a time of apparent crisis in Berlin and in the Middle East. If the communists have their way, we will continue, as we have for the past decade, to face crises of one sort or another in the various parts of the world.

If during this long episode of the Cold War we permit them to stampede us into frightened orgies of unsound spending, we will be playing right into their hands.

We have the resources, we have the know-how, we have not yet lost the pioneering spirit, and I am convinced that we can solve our economic and financial problems by following sound policies, with the courage which has made this country great.

With First Eastern

RED BANK, N. J. — John F. Kortmulder has recently been appointed a Sales Representative of First Eastern Investment Corporation, 157 Broad Street.

Mr. Kortmulder is a native of Holland and a graduate of the R. K. Hogere Burgerschool, Rotterdam, and the University for Economic Science, Rotterdam.

Prior to joining First Eastern, Kortmulder was Vice-President of H. A. H. Behrens, Inc., an importing and exporting firm of Hamburg, Germany. He established a branch office at 52 Wall Street, New York City, for Behrens in 1953.

Lenart, McHugh Partner

Lenart, McHugh & Co., 115 Broadway, New York City, members of the New York Stock Exchange, on April 1 will admit Sidney Polay to general partnership and Denis J. McMahon to limited partnership.

Keller & Co. Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Allen D. Tardash has joined the staff of Keller & Co., 31 State Street.

Continued from page 2

The Security I Like Best

nadian Pacific, common shares, outstanding, preceded by $137 million 4% non-cumulative preference stock (£1 par) and $476.8 million funded debt and debenture stock.

Based on the 1957 balance sheet, total assets of the company were $2½ billion and, after allowing for all priorities, stockholders' equity (common and preferred combined) was $1.09 billion, or $55 per share. This figure might be increased by $8.50 per share if the £ Sterling obligations of the company are calculated at $2.75 to the £ and not $5 to the £ as shown in the annual report.

$3,000 BUYS (IN CANADIAN $)

	Based on CPR's Annual Report and divided by 141,000	Estim't'd Appraisal Value
Current assets	$1,057	$1,057
Deferred payments & mtges. on properties	59	59
Unsold lands	66	*630
Insurance fund	94	94
Deferred debts	52	52
Investments	967	†2,113
Properties	15,810	‡16,404
	$18,105	$20,409
Less—		
Current liabilities	$604	$604
Deferred liabilities	25	25
Deferred credits and reserves	398	398
Provision for depreciation	6,228	6,228
Funded debt	1,022	1,022
Preference stock	973	973
Debent. stock (bonds)	2,075	2,075
	$11,325	$11,325
Shareholders equity (common only)	$6,780	$9,084

*This estimate is based on 880,300 acres of farm lands and 379,066 acres of timberlands owned on Dec. 31, 1957. Sales during 1957 reported by the company included 34,142 acres of timberlands and 23,734 acres of farm lands. Total net proceeds from these sales in 1957 amounted to $7.6 million. Since $10 per acre was realized for the farm lands, the value of timberlands has been estimated at $212 per acre.

†Investments have been adjusted to market value where available and possible. The largest difference lies in the present market value of Consolidated Mining shares which amounts to $193.5 million against a book value of only $17 million. Adjustment has also been made in the cases of Minneapolis, St. Paul & Sault St. Marie RR. holdings and Wisconsin Central RR. bond holdings resulting in a decrease of $14 million from book value.

‡Since the company does not carry its oil rights separately in its balance sheet, it is difficult to assign an estimated value to them. Nevertheless, net income from petroleum rents, royalties, reservation fees and land rents, before provision for income taxes, amounted to $8.4 million in 1957, a decrease of $831,000 from 1956. Canadian Pacific, on Jan. 3, 1958, incorporated a wholly owned subsidiary, Canadian Pacific Oil & Gas Ltd., with power to engage in the business of prospecting for, acquiring developing, and operating oil and gas and other mineral resources; also, to manufacture, transport, refine and sell their products, by-products, and derivatives. The 1958 balance sheet will, of course, reveal the value placed upon these properties. In the meantime, an arbitrary value of 10 times 1957 earnings before taxes (or $84 million) has been used in the foregoing calculation. In view of the huge acreage involved, this figure should prove a gross underestimate.

Arriving at a per share equity of $67.80, the 4% non-cumulative preferred has not been considered because it has no claim on earnings beyond the 4%. If the preferred stock were included, the immediately preceding figures would be diluted by approximately 17.7%.

STATISTICS (CANADIAN $)

	Earnings per Share	Dividends per Share
1958	*$2.75	$1.50
1957	3.11	1.75
1956	3.77	1.50
1955	2.95	1.50
1954	1.94	1.50
1953	2.05	1.50
1952	2.61	1.50
1951	2.98	1.75

*Estimated and including oil and gas revenue of subsidiary.

In 1930 Canadian Pacific split the old $100 par stock 4-for-1 and paid dividends equivalent to $2.50 on the present shares. In that year the new $25 par stock traded as high as 52½.

An improving political climate from the company's point of view brought about several encouraging developments since the end of 1957.

(1) A Royal Commission found that firemen are not required by the railroad on diesel locomotives in either freight or yard service. Since the road is over 90% dieselized, a considerable saving should accrue.

(2) Transportation Minister Hees announced that Canadian Pacific Airlines, a subsidiary, would get a franchise to operate a limited transcontinental service in competition with Trans-Canada Airlines owned by the Government.

(3) The Canadian Cabinet proposed the establishment of a Commission to consider all aspects of the freight rate structure and develop a program to eliminate the outmoded Crow's Nest Pass Agreement. By this agreement, reached in 1897, grain shipping rates were established and fixed by law. Grain rates averaged only 0.59 cents per ton mile in the first seven months of 1958 as against an estimated ton mile rate of 2.14 cents excluding grain. With Canadian Pacific's grain shipments accounting for 31.4% of all ton miles in 1957, any relief from the old agreement should have a favorable effect on future earnings.

Conclusion

$3,000 buys an interest in a Canadian enterprise (which might well be described as an investment trust, selling at a considerable discount from estimated market values) with a book value of $6,780 and an appraised value of approximately $9,000. In comparison, a $2,300 investment in Atchison would buy $4,500 in book values and a $3,700 investment in Union Pacific would buy $5,200 in book values.

At the current price it will yield 5% based on the $1.50 dividend per share, before the 15% non-resident tax withheld in Canada. The stock is selling at approximately 11 times estimated 1958 earnings, which is in line with current ratios for Atchison and Union Pacific. The company generates a heavy cash flow because of large depreciation charges. These have averaged $34.6 million per annum from 1953 to 1955, inclusive, but have been stepped up to $56 and $52.9 million in 1956 and 1957, respectively. The last mentioned figure is equivalent to $3.75 per share.

Another way of acquiring an interest in Canadian Pacific, common, is through the purchase of the Canadian Pacific Convertible Collateral Trust 4% *due 1969*. This security is currently quoted around 102 (the call price to Dec. 1, 1961) and is convertible *up to June 1, 1960 only* into 30 shares of Canadian Pacific, common, for each $1,000 bond.

In effect, this is equivalent to a call on the stock for 15 months at $33.33. Instead of paying for a call, these collateral trusts pay the owner 3.9% current interest (less 15% Canadian withholding tax).

The security for these collateral trusts is Canadian Pacific perpetual 4% consolidated debenture stock, currently quoted on the New York Stock Exchange around 91-92. Each $100 4% collateral trust is secured by $120 of this 4% consolidated debenture stock.

With many equities selling at 20 to 30 times earnings and having book values of but fractions of their market values, Canadian Pacific, common, offers an excellent participation in Canada's growing economy as well as a hedge against any further devaluation of the U. S. dollar.

Economists Urge We Assist Free World By Making Gold Redeemable at $35

Encouraged by convertibility and other steps abroad, a group of monetary economists urge our adoption of redeemable gold standard to assist free world economies, to remove doubts about the dollar's future dependability, and to end uncertainties that affect the success of sound domestic fiscal, monetary, economic development and freer trade policies we are pursuing

Adoption of a monetary measure designed to support recently liberalized convertibility and trade moves abroad and to assist

J. W. Bell

Walter E. Spahr

economic policies pursued here at home is being urged by the 51 members of the Economists' National Committee on Monetary Policy. The President of the organization is Professor James W. Bell of Northwestern University and the Executive Vice-President is Dr. Walter E. Spahr. The Committee, a national organization which has its research-educational office in New York City, in urging that the United States "establish without further delay a gold standard and fully redeemable currency at the present statutory rate of $35 per fine ounce of gold," contend that, by so doing, "the recent steps taken toward wider convertibility among leading currencies of Western Europe and the United Kingdom would be strengthened and . . . so-called 'Free World' economies would be aided by restoring gold to its proper place as a domestic and international money."

The resolution goes on to say:

"The steps taken by leading countries of Western Europe and the United Kingdom at the end of 1958 to make their currencies more widely convertible at official exchange rates constitute progress and signalize a stronger position for various European currencies and sterling. The accompanying fiscal reforms and monetary adjustments, for example in France, should facilitate the lowering of trade barriers, the international clearance of accounts, and the movement of goods, services, and capital. Resulting strength and confidence in Western Europe and the United Kingdom should make possible the restoration of full conversion rights for all holders of these currencies.

Would End Handicap of Uncertainty

"The structure of firming international exchange rests in part upon the stability of the United States dollar which is equated with gold in foreign exchange quotations at $35 per fine ounce. But since the United States dollar is not freely convertible into standard gold for all holders, doubts exist in respect to its future dependability. This uncertainty encourages irresponsible demands, both within and outside our country for further tinkering with our standard gold dollar. An end should be promptly put to these uncertainties in the interest of sounder fiscal and monetary practices, economic development, and freer world trade.

"It is not enough that during World War II the President's power to alter the dollar-gold ratio was terminated, or that on many occasions since the authorities have solemnly declared further alteration is unthinkable. Concrete evidence is needed of our willingness to accept the healthy discipline of a fixed gold standard and a fully redeemable or convertible currency. Such a move should undergird efforts to establish order in international exchanges, build greater confidence in our dollar, and reduce pressure overseas to convert our currency into gold.

"There is a hollow ring in our protestations that government budgets should be balanced and that 'inflation' should be held in check while we refuse to reestablish the time-honored and long-tested controls of the full gold standard. It is incongruous that United States citizens, who may freely purchase gold, for instance in Canada or in the London market, cannot hold their gold bars in the United States on pain of criminal penalties.

"We urge the restoration now of gold to its traditional and historic role as the best domestic, and the unchallenged international, monetary standard by effecting complete convertability at $35 per fine ounce, and the shoring-up thereby of our domestic economy and of the foundation of international trade."

A & P Shares Offered At $44.50 per Share

A secondary offering of 1,800,000 shares of common stock of The Great Atlantic & Pacific Tea Co., Inc., was made yesterday (March 25) by a nationwide underwriting group of 253 members headed by Smith, Barney & Co., Morgan Stanley & Co., Kuhn, Loeb & Co., and Carl M. Loeb, Rhoades & Co. The stock was priced at $44.50 a share.

The offering does not constitute new financing by the A & P and the company will not receive any of the proceeds from the sale of the stock. The shares, comprising approximately 8% of the 21,635,906 shares outstanding, are part of the A & P holdings of two individual shareholders, Huntington Hartford and Marie H. Robertson, descendants of George Huntington Hartford who founded the A & P a century ago, and of several trusts created by them.

The company and its predecessors have been engaged in the retail food business since 1859. Today A & P and its subsidiaries conduct this business through approximately 4,200 retail stores located in 37 states, the District of Columbia and Canada.

Dempsey-Tegeler Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Alex S. Lambros has been added to the staff of Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

Reinholdt & Gardner Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Walter H. Averill has joined the staff of Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

Westheimer Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—Arthur F. Cadkin has become associated with Westheimer and Company, 134 South La Salle Street. He was previously with Irving Weis & Co.

Continued from page 6

Slow Inflation: An Inescapable Cost of Maximum Growth Rate

to match the Russian military strenght seem somewhat pointless. A more likely American policy is an unwillingness to risk war over Europe or the Near East just so long as the Russians are content with rather modest grabs, and the maintenance of strong enough military forces to deter attacks on this country. If this view of our probable basic diplomatic and military policy is correct, the demands of that policy on our economy will be fairly modest.

III

The Problem of Economic Growth—The Distinction Between the Short-Run and the Long-Run Problem

At present the United States is confronted with a short-run problem of growth that is very different from the long-run problem. In the long-run the capacity of the economy to grow depends upon the amount and quality of our resources—upon development of science and technology, the supply of enterprising starters of business concerns, the supply of investment-seeking funds, the supply of professional workers and craftsmen. In the short-run at the present time the problem is to get full utilization of the resources that we have. With a seasonally adjusted unemployment rate of 6% and with many plants operating below capacity, the immediate short-run problem is one of increasing the demand for goods. There are six principal ways in which the demand for goods might be increased:

(1) **More spending by governments—local, state and national.** Spending by state and local governments has been creeping up for some years and will undoubtedly continue to rise because of the necessity of spending more money on education, roads, utilities, and compensation of employees. But a large proportion of the cities and states are having financial difficulties. Hence, the rise in state and local spending will be moderate. Spending by the Federal Government will also increase, but the rate of increase will be held down by the reluctance of the government either to incur large deficits or to raise taxes. But in view of the high and persistent unemployment the government would be wise, in my judgment, to plan a deficit of several billion dollars in the cash budget for the fiscal year 1960.

(2) **More exports.** Merchandise exports in 1958 were considerably higher than in any other year except 1956 and 1957. No great gain in exports is in prospect.

(3) **More buying for inventories by business.** After drastic cuts in inventories during 1958, some expansion of inventories in 1959 and the early part of 1960 is to be expected. But the accumulation of inventories will not significantly exceed the rate of $3.6 billion a year which had already been reached in January, 1959.

(4) **More investment in plant and equipment by business.** In the latter half of 1959 some pickup of investment in plant and equipment by business may be expected. The rise in the first quarter of 1959, however, above the last quarter of 1958 is small, and investment in plant and equipment by non-agricultural industries is running smaller in the first quarter of 1959 than in the first quarter of 1958. The slow rise in investment in plant and equipment and the persistence of a high rate of unemployment indicates that the Federal Reserve is overdoing credit restraint.

(5) **Larger expenditures on housing.** The present rate of housing construction is high. Hence, no large rise from present levels is in prospect. The demand will be stimulated by the improvement in employment. But the demand for housing depends upon the supply of mortgage money. The tight credit policies of the Federal Reserve tend to limit employment in the housing industry by restricting the supply of mortgage money. In spite of the present high level of housing construction, Congress is likely to insist on circumventing to some extent the restrictive policies of the Federal Reserve. Part of the effect of more abundant mortgage money will be to help home buyers bid up the price of real estate, materials, and labor, making home building more expensive.

(6) **Larger personal consumption expenditures.** Personal consumption spending might be increased by tax cuts, but tax cuts are out of the question because the bad state of government finances will not permit them. Larger personal consumption expenditures may result from a smaller rate of personal saving. But in the fourth quarter of 1958 the rate of personal saving had already dropped to 6.3%, which is less than the annual average of any year since 1949. Hence, no great further drop in personal saving is likely. This leaves wage increases as the principal source of additional personal consumption expenditures during 1959. Wage increases have an income generating effect because they tend to increase the outlays of the enterprise making the wage increase. The increases in outlays have a multiple effect on other outlays—they produce incomes that are partly spent on consumption, and these expenditures in turn produce incomes that are partly spent on consumption. The effects are diminishing, but they go on indefinitely. Hence, wage increases are a strong stimulant to the economy—they generate expenditures and incomes and, of course, they tend at the same time to raise prices.

This analysis indicates that one powerful influence for expansion in recent months, namely inventory policy, has pretty much spent is force. The analysis also indicates that the economy in the forthcoming months will receive less stimulus from government spending than it has received in recent months. It will be dependent for further expansion upon larger personal consumption expenditures and upon larger outlays on plant and equipment. Up to the present, business has shown little disposition to increase its outlays on plant and equipment. Consequently, the immediate need is for larger personal consumption expenditures. There is little prospect of getting an increase in these expenditures through a further drop in the rate of saving. Consequently, the best short-run prospect for stimulating the economy is through wage increases. The best form of wage increases is rather modest but widespread increases. Such increases would generate considerable income throughout the economy and would not impair the credit of the wage increasing firms.

IV

The Impact of Growth Upon the Price Level

It would be strange if growth could occur without pronounced effects upon the price level. As a matter of fact, sometimes rapid growth has been accompanied by falling prices; at other times rapid growth has been accompanied by rising prices. Periods when the price level was stable have been exceptional. If one examines the decade changes in the wholesale price level beginning with 1798 and ending with 1958, one finds only four decades out of sixteen in which the net movement of the wholesale price level, up or down, was less than 10%. One finds eight decades in which the net movement was more than 20%. In eight decades the movement of the price level was upward, and in eight decades it was downward. The longest period that the price level moved in one direction was three decades—from 1868 to 1898. During this period the movement was downward. The economy has demonstrated rather impressively that it has been capable of operating satisfactorily under rising, falling, or stable prices.

Of late years, there have been changes in the economy that create a strong likelihood that economic expansion will be accompanied by rising labor costs and prices. The change is the rise of powerful trade unions. At the present time about half of the blue collar workers in industry are organized. Union membership is concentrated among the largest and most efficient concerns which pay the highest wages and set the wage patterns. Virtually all of the blue collar workers in the steel industry, the automobile industry, the rubber industry, the farm equipment industry, the can industry, the glass industry, the men's clothing industry, the women's garment industry, the railroad industry, the airplane industry are organized, and there is a high proportion of organization in the building trades, the coal industry, the printing industry, the paper industry, the electrical industry, the meatpacking industry.

The rise of strong trade unions makes it almost inevitable that economic expansion will be accompanied by rising labor costs. When demand is strong enough to produce virtually full employment (so that the economy is growing rapidly enough to put to work all investment seeking funds), unions are in a strong bargaining position and are able to raise wages far faster than the increase in output per manhour. During the 11 years 1947 to 1958, for example, a period of fairly steady prosperity, hourly earnings in all private industry rose about twice as fast as real product per manhour. The rise in hourly earnings was 66.7%; in real product per manhour, 33.6%.[3] In only three out of the last eleven years did average hourly compensation in private industry rise by less than real product per manhour. With wages rising twice as fast as productivity, not in one year, but in year after year after year, some upward adjustment of prices is necessary.

Answers Labor's Argument

Some spokesmen for the unions argue that wages were simply chasing prices up, but the evidence does not bear out this claim. In every one of the last 11 years, without exception, average hourly compensation of employees rose more than the consumer price index, and in 10 out of the last 11 years hourly compensation of workers in private industry rose more than the wholesale prices of finished goods. Table II shows the changes in compensation of employees per manhour in private industry, changes in real product per manhour, and changes in prices during the last 11 years.[4]

TABLE II

	Increases in average hrly compensation of workers in private industry	Change in real product of private industry per manhour	Change in consumer price index	Change in non-farm wholesale prices	Changes in wholesale prices of finished goods
1947-48	8.5%	3.6%	7.6%	8.5%	7.9%
1948-49	2.7	2.9	—0.9	—2.0	—2.8
1949-50	5.7	7.1	0.9	3.7	1.8
1950-51	9.3	2.5	8.0	10.4	9.5
1951-52	5.8	2.2	2.3	—2.3	—0.5
1952-53	5.9	4.1	0.8	0.7	—1.0
1953-54	3.5	1.8	0.3	0.4	0.3
1954-55	2.9	4.4	—0.3	2.2	0.2
1955-56	6.0	0.6	1.5	4.4	2.8
1956-57	6.0	2.7	3.4	2.8	3.6
1957-58	3.0	1.0	2.7	0.3	2.3

The charge is made that the rise of prices in recent years is to be explained by employers' arbitrarily raising the prices of their products. The facts do not support this charge. One must expect strong sellers' markets to be accompanied by some arbritrary price increases. Nevertheless, such increases do not explain much of the rise in prices in recent years because profit margins have dropped, not increased. Between 1947 and 1956 the ratio of profits after taxes to sales dropped in the case of all non-financial corporations in the United States from 6.7% to 5.3%.[5] Since corporations in recent years have greatly increased their depreciation allowances, one may argue that the comparison should be the sum of profits after taxes plus allowance for depreciation and depletion. Such a comparison also shows a decline. In 1950, the first year for which complete figures are available, the ratio of profits after taxes plus depreciation and depletion allowances to sales for all non-financial corporations was 8.7%; for 1956, it was less than 8.1%.

The tendency of unions to raise labor costs by pushing up wages is not under most circumstances self-limiting (1) because the wages of many non-union firms are affected by increases in union firms, and (2) because when unions gain wage increases, unions also generate larger incomes and expenditures in the rest of the economy. The tendency of trade unions to generate increases in incomes is a characteristic of great importance, but one that economists in general have overlooked. I have explained it briefly in the preceding section. It means that the economy has a greater capacity to expand than we had previously suspected. It means also that the influences making for inflation are stronger than had been suspected. It means that there is no sharp dividing line between cost-push inflation and demand-pull inflation, since unions, by raising wages in some plants, tend to raise incomes and demand throughout the economy. Finally, the tendency of trade unions to generate money incomes tends to reduce the severity of recessions. The recession of 1958 illustrates the point. In March, 1958, the low point in hours worked by wage and salary employees, hours worked were 4.0% less than in March, 1957, but wage and salary payments were down only 1.7%, indicating a rise of nearly 2.3% in wage and salary payments per hour. To a small but unknown extent, the rise in wage and salary payments tended to accentuate the drop in employment. Hence, the precise effect of higher wage and salary payments per hour upon payrolls cannot be measured. It is reasonable to suppose, however, that, in the absence of wage increases, the drop in payrolls would have been at least 3%. On the basis of that assumption, the net contribution of wage increases to payrolls at the bottom of the recession was around $2.6 billion a year.[6]

The tendency of trade unions (1) to push up labor costs and prices, and (2) to generate increases in money incomes does not depend upon the attainment of full employment. Unions may be creating inflationary rises in prices and increases in income while the economy has a fairly substantial amount of unemployment. Thus in 1954, when the unemployment rate averaged 5.6%, hourly compensation of employees in private industry rose 3.5% and output per manhour by about half that amount, or 1.8%. Again in 1958, when unemployment averaged 6.8%, hourly compensation of employees in private industry rose by 3% and real product per manhour by one-third that amount, or 1%.

V

How Can the Impact of Growth Upon Prices Be Diminished?

Various steps may be taken to lessen the tendency of economic growth to raise the price level. Only experience will demonstrate the effectiveness of those steps. In my judgment a slow rise in the price level is an inescapable cost of the maximum rate of growth—that is, growth at a rate which puts to work all of the country's resources. The limiting factor on growth is the labor supply. An employment rate of 97% to 97.5% of the labor force is probably as high an employment rate as is feasible. This employment rate would leave idle much semi-obsolete and high-cost equipment.

The steps that might lessen the impact of growth upon prices may be divided into those that the government might take and those that private industry might take. It has been proposed that the government keep prices stable by tight credit policy which would create enough unemployment to prevent wages from outrunning productivity per manhour. But this policy does not represent a solution to the problem. It is simply a proposal to subordinate growth to stable prices. The burden of adopting this "solution" should soon prove intolerable because the loss to the community from a retarded rate of growth would increase at a compound rate. If the economy were capable of growing at 4% a year and were held to a growth of only 2% a year in order to keep price level steady, at the end of 10 years the economy would have 26% less productive capacity than it would have had at the faster rate of growth.

It has been proposed that the power of unions to push up wages be reduced by breaking up the unions in several parts so that there would be several unions in the same industry. Such an attempt to weaken the monopoly power of unions would not have the intended results. Unions would lose some of their present ability to support strikes by some members while other members work and pay dues and special assessments. But the employers dealing with the several unions would still be dealing with monopolies able to shut down their operations. Furthermore, there would be rivalries among the new unions and each would feel a

3 Eighty-sixth Congress, First Session, *Hearings Before the Joint Economic Committee*, p. 782.

4 The changes in the year-to-year compensation of employees are computed from data in 86th Congress, First Session, *Hearings Before the Joint Economic Committee*, p. 782.

5 Eighty-fifth Congress, 1st Session, Joint Committee Print, *Productivity, Prices, and Incomes*, p. 118.

6 These figures assume that the short-run elasticity of demand for labor is about minus one-half.

strong urge to make a better settlement than any of the others. Hence, there is little reason to expect that breaking up unions would as a general rule diminish their upward pressure on wages.

Favors Increased Foreign Competition

The most important step that the government could take to reduce the tendency of growth to raise prices would be to cut tariffs and abolish quotas, thereby exposing American industry to more competition from abroad. Foreign competition, by making it more difficult for American firms to pass on increases in labor costs to customers, would stiffen the resistance of American employers to wage demands and would retard the tendency for rising wages to push up prices.

Too much should not be expected from foreign competition because, as a general rule, American producers (especially manufacturers) can undersell their foreign rivals. The strong position of American manufacturers is indicated by the fact that exports of finished manufactures by the United States in 1958 were 2.4 times our imports. Our exports in 1958 were more than twice as large as our imports in the case of iron and steel products; more than seven times as large as imports in he case of machinery; nearly twice as large as imports in the case of cotton manufactures. Foreign competitors are handicapped by the fact that prices abroad have been rising faster than in the United States. In Britain, the largest manufacturer outside of the United States in the free world, efficiency in much of industry has been held down by wasteful union rules and in the metal trades, by an unruly shop steward movement which in many plants has prevented management from exercising proper control. In spite of these handicaps, foreign competition is becoming more effective. If duties into this country were drastically cut and quotas removed, foreign competition would be invaluable aid in checking the tendency of wages to outrun labor productivity and in retarding the rise in prices. In addition, foreign competition would be a wholesome spur to efficiency and to inventiveness in industry. No single step that the government could take would make such an important contribution toward strengthening the American economy and toward the achievement of rapid growth with stability of prices as a program for reducing tariffs and eliminating quotas. I suggest that Congress provide for the immediate starting of a program that would gradually eliminate all duties and quotas within the next ten years.

Of the several steps that private management might take to lessen the tendency of economic growth to raise the price level, the most important would be to enlist the active cooperation of all employees from top management to sweepers in reducing the ratio of payroll costs to sales. At the present time, only a few enterprises really succeed in gaining the active cooperation of their workers. They hire men to do more or less routine physical tasks in ways prescribed by managements. Today the most important capabilities of American workers, their imagination, their ingenuity, their ability to invent and to discover shortcuts are rarely put to use because methods of management in most plants are not designed to bring out these qualities. Indeed, most managers have little conception of how much ability is going to waste through not being used.

About twenty years ago, there began to be developed new methods of management designed to draw on the unused abilities of workers. The pioneer in this work was the late Joseph Scanlon of the staff of the United Steelworkers and later of the staff of the Massachusetts Institute of Technology. Mr. Scanlon's work is being carried on by men trained by him, and his methods are in use in several score plants. The spread is slow because the new methods of management require changes in philosophy by both employees and management and a high degree of mutual confidence. The essence of the arrangement is that workers gain an opportunity to earn a bonus by reducing the ratio of payroll costs to sales. A system of committees is provided to collect and pass on ideas, to review operating results, and to consider problems. Experience shows that when men are given an opportunity to earn a bonus by developing team-work and improving technology, amazing things begin to happen. The workers develop remarkable capacity to make technical suggestions. They become critical of management shortcomings which formerly they did not mind. Their ideas of who is a good supervisor are radically changed.

The new methods of management may or many not be adequate to prevent wages from outrunning productivity, but they hold more promise for checking rising labor costs than any device that has yet been developed because they enlist the active help of all employees against rising costs.

TABLE III

	Increase in consumer price index 1948-57	Increase in real product per capita 1948-56
Austria	124.0%	93.9%
Finland	87.5	31.4*
France	76.7	47.4
Spain	55.7	34.5*
Norway	51.4	12.6†
United Kingdom	50.6	22.7
Sweden	46.8	14.6†
Netherlands	46.2	20.2†
Denmark	43.2	16.1
Ireland	41.8	14.8
Italy	27.9	48.1
Canada	26.2	20.7
U. S. A.	16.9	18.4
Belgium	12.6	23.0*
Switzerland	9.4	16.3*

*1948 to 1955. †1950 to 1956.

SOURCE: United Nations, Statistical Yearbook, 1957. (p. 485).

TABLE IV

	1948-1953	1953-1957
Austria	100.0%	12.0%
Belgium	5.3	7.0
Canada	19.0	6.0
Denmark	23.5	16.0
France	66.7	6.0
Great Britain	29.9	16.0
Italy	16.3	10.0
Norway	35.1	12.0
Sweden	29.9	13.0
Switzerland	4.2	5.0
West Germany	7.5	6.0
United States	11.1	5.0

VI

Some Consequences of Creeping Inflation

Since there may be no way of reconciling maximum growth with a stable price level and since, in any event, reconciliation of the two objectives will take time, it is desirable to examine the probable effects of creeping inflation. These effects are by no means as disastrous as they are frequently described. Let us examine briefly the principal allegations made about creeping inflation.

(1) **Creeping inflation is said to be bad for production.** Examination of the experience of various countries in the free world shows no close connection between the degree of inflation and the rate of increase in production. Table III shows the increase in the consumer price level and the increase in real product per capita in 16 countries.

Austria, with the greatest increase in the consumer price index, also had the greatest increase in real output per manhour. Switzerland, with the most stable price level, had one of the smallest increases in per capita real output. Belgium and the United States, which had relatvely small increases in ther price levels, also had relatively small increases in real per capita output. The eight countries with the largest increases in the consumer price level had an average increase of 34.7% in real per capita output; the seven countries with the smallest increase in the consumer price level, had an average increase of 22.5% in real per capita output.

All of this does not prove that inflation causes a faster rate of increase in output—though it is consistent with that conclusion. It does strongly suggest, however, that some of the causes that raise output per manhour also produce inflation.

(2) **Creeping inflation is said to discourage saving.** The opposite is true—inflation encourages saving. The reason is that the volume of saving is in the main determined by the volume of investment—not investment by the volume of saving. If investment-seeking funds ar insufficient to meet the demand for them, incomes rise until investment-seeking funds are adequate. Inflation enhances the demand for investment-seeking funds by preventing rising labor costs from destroying investment opportunities. By thus encouraging investment, inflation also encourages saving. since for every dollar invested there is also a dollar saved.

(3) **Creeping inflation is said inevitably to become a gallop.** This is a widely disseminated bit of nonsense. All of the important industrial countries of the free world have had creeping inflation during the last few years, yet in every case except Switzerland and Belgium the rise in the consumer price index was less in the period 1953-1957 than in the period 1948-1953, as Table IV shows.

(4) **Creeping inflation will cause the United States to be priced out of world markets.** No one can be sure what the future will bring, but prices in most other industrial countries have been rising even faster than in the United States. Between 1950 and 1957, for example, the increase in the index of wholesale prices in Britain was more than twice as large as in the United States, in Sweden and Norway more than three times as large, in France almost three times as large, in West Germany almost twice as large, in Austria four times as large.

No one knows, of course, whether prices in other industrial countries will continue to rise faster than in the United States. Since the principal industrial countries are in competition with one another and since they are all more or less subject to the same influences (such as powerful trade unions and an insistent popular demand for social services that precludes important reductions in taxes), all of the industrial countries are likely to experience about the same movement of the price level. The competitive position of the United States is very strong, especially in manufacturing. This is indicated by the fact that our exports of finished manufactures in 1958 were 2.4 times as large as our imports. But if important industrial countries were to succeed in underselling us on a broad scale, that would help us check inflation by stiffening the resistance of American employers to union demands and by encouraging employers to cut prices.

(5) **Creeping inflation will cause, it is said, a flight from the dollar.** This fear raises the practical question: "Where is the money to go?" Every country in Europe has had creeping inflation during the last ten years. Other currencies have limited attractiveness because almost any country one might name has economic and political problems as formidable as those confronting the United States. Flight into commodities is not satisfactory because the future price of each commodity depends upon specific market conditions (supply, demand, competition of substitutes) far more than on what happens to the general price level. Some shifting of investment is bound to occur and already has occurred, but the process tends to limit itself. For example, if the price level is expected to rise 2% a year, a good bond yielding nominally 5% has a true yield of 3%. Such a bond may be as attractive as a stock that has been bid up to yield only 2.5%.

(6) **Creeping inflation is said to reduce the purchasing power of pensions.** This statement is true provided pensions are not raised to offset the rise in prices. Some plans are geared to the wage level —as in the case of some plans in the steel industry which provide for a monthly pension at age 65 equal to 1% of the average monthly earnings during the 120 calendar months preceding the month of retirement, multiplied by the years of continuous service. An increasing number of companies, private bodies, and public bodies have put in variable annuity plans under which the assets of the plan are invested in equities that fluctuate more or less with the movements of the price level. Other pension plans have been liberalized. For example, the General Motors plan, which originally provided for monthly pensions at 65, after ten years or more of service, equal to $1.50 for each year of service, now provides pension benefits of $2.25 to $2.35 a month for each year of service for workers retired prior to Sept. 1, 1958, and $2.40 to $2.50 a month for each year of service for workers retired subsequent to Sept. 1, 1958.

The largest and most comprehensive plan of all, the Old Age and Survivors' Plan, has been substantially liberalized by successive amendments. The original benefit formula was one-half of one per cent of the first $3,000 of cumulative wage credits plus one-twelfth of one per cent of the next $42,000, plus one-twenty-fourth of one per cent of the next $84,000. The present formula is 58.85% of the first $110 average monthly wages plus 21.4% of the next $290. The average old age benefit is still too small, but it has risen far faster than the consumer price index. At the end of 1946 it was $24.55; at the end of 1957, $64.58; and in July, 1958, it was $65.87.[7] The increase between the end of 1946 and July, 1958, was 168%. In the same period the consumer price index rose less than 49%. Hence, in spite of the fairly substantial rise in the consumer price index between 1946 and 1958, the average recipient of a Federal old age pension was far better off in 1958 than in 1946 — the purchasing power of his pension had gone up by about 80%.

[7] U. S. Department of Health, Education and Welfare, *Social Security Bulletin, Annual Statistical Supplement, 1957*, p. 39, and *Social Security Bulletin*, October, 1958, p. 1.

IBA Executive Development Program

WASHINGTON, D. C.—The ninth annual session of the executive development program sponsored by the Investment Bankers Association of America is being held this week (March 22-27) on the Campus of The University of Pennsylvania, Philadelphia. Enrolled for the program are about 270 junior officers and partners and other seasoned personnel of IBA member organizations, it was announced by William D. Kerr, Partner, Bacon, Whipple and Co., Chicago, President of the Association.

Originally established as one-year Seminar in 1951 and 1952 this executive training program has been offered since 1953 through the Institute of Investment Banking, jointly sponsored by the Education Committee of the IBA and the Wharton School of Finance and Commerce.

Registrants attend the Institute one week in the spring for three years, and upon completion of the program receive a Certificate of Merit. In addition to attendance at the Institute, registrants are required to submit essays following the first and second year attendance, as a pre-requisite to continuing in the program. It is expected that more than sixty will receive certificates at the graduation exercises Friday, March 27, the concluding day.

Applications for the 1959 Institute again exceeded substantially the available facilities according to Robert O. Shepard, President, Prescott, Shepard and Co., Inc., Cleveland, Chairman of the IBA Education Committee, and head of the Institute Planning Committee.

Coast Exchange Members

The election of two new members of Pacific Coast Stock Exchange through purchase of memberships in the Los Angeles Division was announced by William H. Jones, Division Chairman.

The election of Stanley L. Ross, President of California Investors represents a new Member Firm to the Exchange and the election of John H. Grobaty, Jr. of Mitchum Jones & Templeton represents the third membership of an existing Member Firm.

The new memberships were the purchase of Treasury Memberships recently created by the Los Angeles Division, which increased the authorized number from 70 to 80.

California Investors office is at 3932 Wilshire Boulevard, Los Angeles, and was organized in 1953. Mr. Ross, President and principal stockholder of the Firm, has been in the Securities Business in Los Angeles since 1951.

Mr. Grobaty, following his graduation from U. S. C., entered the employ of the Exchange in 1954 as a Floor Reporter, after which he became a Floor Representative with various Members Firms prior to his assignment with Mitchum, Jones & Templeton in 1958.

Joins J. L. Sunderland

(Special to THE FINANCIAL CHRONICLE)

MT. VERNON, Ill. — John G. Fehrenbacher is now connected with Joe L. Sunderland.

Railroad Securities

Southern Pacific Co.

Southern Pacific Co. has shown the ability to maintain earnings during the several postwar business adjustments. This carrier was one of the few which reported higher per share earnings in 1958 than in 1957 and it is likely earnings will further expand in 1959.

One of the principal factors for Southern Pacific's good showing is the growth which has taken place in the vast territory it serves. New industries and plants continue to be attracted to the line and the road has followed a long range program of making industrial sites available. In 1958, gross revenues dropped only 2.2% from 1957 and less than 3% from 1956. This was one of the best showings made by a major carrier last year.

Costs are being kept under good control. Despite higher wage rates, the transportation ratio in 1958 was 38.7%, the lowest since 1955 and indicated good utilization of motive power and make-up of trains. Purchase of new cars, modernized yards and installation of central traffic control, all have combined to lower equipment rents appreciably. The road also has continued its property improvement program and these outlays have been at fairly high levels.

A factor which has aided Southern Pacific's earnings is the increase in "other income" and earnings from solely controlled affiliated companies. Other income in 1958 amounted to a record $23,894,000, a rise of more than 100% since 1952. Over the same years, profits of solely controlled affiliates rose from around $1,000,000 to a record $8,717,000 in 1958. The controlled St. Louis Southwestern earnings will be included in the earnings of the affiliated group beginning with this year and it is possible that the earnings of the group will just about double. However, the other income account no longer will include dividends on St. Louis Southwestern (Cotton Belt) shares which have been running around $1,600,000 annually. The recent $20,200,000 windfall dividend from Cotton Belt will not be included in Southern Pacific 1959 earnings although it will be reflected in its cash position. It is estimated it would cost S. P. about $6,500,000 to acquire the 16,237 shares of Cotton Belt common outstanding.

Earnings of Southern Pacific in the final quarter of 1958, on a seasonally adjusted basis, were at the annual rate of around $6.50 a share. The road actually reported net income equal to $6.16 a share as compared with $6.02 in 1957. With business showing further improvement, it is possible that for 1959 net income might rise to as high as $7 a share, barring a long steel strike and an unfavorable decision of rates case between the East and the West.

Southern Pacific has large land holdings, principally in Nevada, Texas, Utah and California, with potential of oil, natural gas and minerals. To further capitalize on these lands, the carrier has engaged an outstanding engineering firm to study the holdings and a full report should be made available in about one year.

The road currently is on a $3 annual dividend basis and if earnings hold up throughout the year, it seems possible some consideration might be given to increasing the rate or paying an extra later this year.

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Solving Current and Future Canadian-United States Problems

tuating conditions in foreign markets may well be a less important consideration than the extensive chain reaction of stimulation derived from such exploitation. As incomes from the production and export of raw materials rise over the long run, it would be reasonable to expect favorable repercussions in the form of higher levels of domestic saving and investment in other sectors of the economy. This sort of chain reaction would be particularly likely where, as in Canada, human resources are of high quality and where the rate of saving already is fairly high.

While this is a most rudimentary set of principles, and omits a number of practical considerations, it is set forth here to illustrate the idea that immunity to business fluctuations abroad is not the only end to be considered by developing countries, nor is it in every case the most important one.

This would seem to be especially true, of course, where the alternative choice involves the establishment of uneconomic industries—a danger to which many raw-materials-producing nations are prone, nowadays. Other solutions to the problem of economic fluctuations should be sought, and they will have to be of an international as well as of a national character. This, in effect, means that close cooperation and mutual respect for each others interest must exist between the industrialized and the raw-materials-producing nations in the formulation of their respective national economic policies as well as in their international relationships.

In the case of Canada, which of course has already made enormous strides in the development of its economy, one nevertheless finds what appear to be certain resemblances to some of the circumstances postulated above. Rich and varied natural resources, a large and sustained volume of investment, and a labor force of high quality, all suggest that the further development of Canada's basic resources would not retard domestic investment in manufacturing. On the contrary, it will promote rapid and well-balanced economic growth throughout the Canadian economy. I believe that a wider understanding of this by businessmen and by the public at large in both of our countries would go far toward creating a better environment for the solution of some of our more specific problems.

Problems of Canadian-United States Trade

There are at least two such specific problems. One concerns U. S. quota restrictions on imports of certain Canadian products. The other concerns tariff barriers on both sides of the border.

We all are quite familiar with the problems posed by protectionist policies in international trade. Economists have long maintained that the general effect on such policies is to limit trade, raise prices, and hold down real incomes. The removal of restrictive policies, once they have been imposed, is not an easy matter, because of their quasi-permanent effect on a country's cost and price structure, and because of the various equity considerations involved. In the interest of minimizing hardship and of gaining support for liberalization of such restraints, reforms must be gradual, but they must also be fostered consistently and with determination.

Taking the U. S. quota on Canadian oil as one example, I can do no better than express my general agreement with the report of the Special Study Mission to Canada of the United States Congress. On the question of national defense, which appears to have been the chief justification of the quota, the Mission noted: "If oil is needed for defense, there is no legitimate distinction between wells in North Dakota and Texas on the one hand, and the wells of Alberta and Saskatchewan on the other. All is available to meet any threat posed to the people of the United States and of Canada." The Mission concluded that "It is spurious reasoning to argue that reserves in Texas would be available to meet an aggressive threat while that of Canada would not be available." One might add that quotas, whether on oil or on any other commodity, are one of the worst forms of restriction, although any form of restraint that can be justified on no better grounds than this must be considered ill-advised. United States investors, no less than Canadians themselves, expected to have greater access to the United States market for oil than the quota permits.

The importance of the U. S. market to the Canadian economy is not limited to oil; it extends to other raw materials as well. Moreover, as Canadian manufacturing industries expand, it is reasonable to expect that the U. S. market could become increasingly important for various manufactured products too. It would not be in the interest of the United States to block such an expansion in imports of manufactured goods from Canada. Of course, as Canada's pattern of exports becomes more diversified, we can expect that there will be some shifting of Canadian exports to other markets. The size of such a shift probably is fairly limited, however, and, to the extent that it occurs, it should be in response to natural rather than artificial economic forces.

Many of the foregoing remarks apply to tariffs as well as to quotas, and the principles need not be repeated. Suffice it so say, it would be in the economic interest of both nations to adopt and consistently pursue a joint policy of general tariff reduction. In both nations, if important new industries cannot become established in the face of strong and honest foreign competition, or if older industries cannot survive, then specific subsidies, on a rapidly diminishing scale, would be preferable to maintaining permanent tariff walls. Such subsidies could not be undiscriminately granted and maintained, of course, or else they would be self-defeating. **Only those industries which hold promise of becoming competitive should be subsidized,** and then only **temporarily.** To do otherwise would be to ignore the principles of competitive free enterprise which we as businessmen proclaim to other countries and profess to espouse for ourselves.

Canadian concern over the agricultural surplus disposal policies of the United States certainly is not without justification. Fortunately, steps have been taken to avoid indiscriminate sales that damage commercial markets for Canadian products, and I understand that consultations between the two governments on such matters are occurring more frequently. This is all to the good and definitely should be encouraged. There is a reason for my noting a problem which seems to be in the process of resolution. The reason is to emphasize the need to recognize policy problems for what they really are and not for what they may seem to be. In this instance, agricultural surplus disposal is fundamentally not a problem of international trade, although it manifests itself as such. The real issue is agricultural price-support policies which, at least in the case of wheat, have resulted in large carryovers from year to year. The long-run solution lies not in trying to devise a mechanism which will regulate the disposal of such huge holdings, but rather in more sensible policies which will prevent their accumulation.

A more abstract problem of Canadian-U. S. trade than the foregoing concerns general balance-of-payments problems. During 1956 and 1957, and to a considerably lesser extent in 1958, Canada had a large deficit on trade account both with the United States and with the world as a whole. Much of these deficits was related to the large volume of foreign investment which occurred in that period, and, as a result, the excess of imports over exports had no adverse effect upon Canadian gold and foreign exchange reserves. However, some grounds for concern for the future may not be wholly unfounded. As investment in Canada—both foreign and domestic—expands and as it inflates national income, there is some danger that imports of consumption goods may rise at an increasing rate. If such a situation should occur and not be offset by compensating changes in other items in the balance of payments, the currency reserve position of Canada would tend to deteriorate. Some of the impact of this effect on incomes would be absorbed by Canada's fluctuating exchange rate, but, in the presence of rapidly rising incomes, the price effect of a rise in the exchange rate might well prove to be a negligent deterrent to imports.

The critical question involved here, of course, is one of limiting the rate of increase in consumption to the availability of domestic supplies and to the level of consumer-goods imports which the country's foreign earnings can support. If the growing domestic production of goods now imported does not keep pace with the increasing demand for such products, or if the growth of export and other foreign exchange earnings is inadequate, then measures will have to be taken to hold in check any tendencies toward excessive consumption. We hope that Canada, in those circumstances, would rely on monetary and fiscal measures rather than on tariffs and quotas.

Problems of U. S. Investment in Canada

I should like to turn now to certain questions which seem to me to be of relatively less importance but which may lead to actions which could greatly affect Canadian-U. S. business relations. These concern Canadian objections to foreign (primarily U. S.) ownership and control of enterprises located in Canada. These appear to be concerned chiefly with a lack of Canadian representation in senior management positions in the Canadian subsidiaries of U. S. corporations. Underlying this is said to be a Canadian desire to be independent of U. S. "control" over the Canadian business cycle. This is certainly an understandable position and one with which few would disagree in principle, but it is very doubtful indeed that even complete local control of those enterprises would significantly affect the transmission of recessions and inflations from the United States to Canada. Such movements are by-products of trade patterns and of financial relationships which would not necessarily be significantly different even under Canadian ownership and control.

In periods of recession it is highly questionable whether decisions of U. S. managers to reduce operations of a Canadian facility would be taken on nationalistic grounds. Rather, prevailing economic conditions would seem to be the determining factor, and these generally would tend to require similar decisions regardless of the nationality of a firm's management. This is not to say that in some circumstances different decisions might not be made, but certainly the problem does not lend itself to ready generalization. Aside from the possibility of selling the firm's product in other markets, which is one of the advantages of big internationally-oriented firms, a large U. S. company might well maintain its operations in Canada, simply to avoid stimulating anti-U. S. feeling there.

In regard to Canadian representation and share of control of U. S. subsidiaries, Canadian investors apparently are willing and financially able to make equity investments in such firms but stock often is not available for purchase. This limitation of stock sales appears to be more true of small subsidiaries than of large ones, according to a recent Empire Trust Co. survey of 166 U. S. corporations known to have substantial Canadian subsidiary operations. This survey indicated that only 58% of the subsidiaries having sales of $50 million or more in 1957 were wholly-owned, while those with sales of less than $10 million were 86% wholly-owned by the U. S. parent.

The same survey reported that, for all the subsidiaries covered, Canadian representation in the senior executive managerial positions of president, general manager, secretary and treasurer increased from 57% in 1955 to 61% in 1958. In 1955, 47% of the presidents were Canadians; by 1958, the proportion had risen to 50%. Other results of the survey showed that large and long-established companies tend to have greater Canadian representation in senior management than do smaller and newer companies.

The foregoing suggests that some headway is being made toward solving this problem, and it seems likely that the trends already apparent will continue. Wherever it is possible to do so, it would certainly seem to be in the interest of good public relations, as well as good business, to expand Canadian ownership interest and management of such enterprises.

Some concern has been voiced in Canada with regard to another aspect of U. S. investment here. It is that a continuing large inflow of U. S. investment during periods of Canadian monetary restraint has complicated Canadian monetary policy. As such times, this "abundance of riches" is a regrettable situation and is one that cannot easily be overcome, though most other industrializing countries would be delighted to have it. A similar condition of rapidly expanding investment occurred in the United States during the recent boom, and the determined efforts of the Federal Reserve System were only partially successful in holding the line against the onslaught of rising total expenditures. Some form of expanded monetary powers may well be needed both in Canada and in the United States in order to deal effectively with mushrooming investment in some circumstances, regardless of

whether such investment is of domestic or of foreign origin.

Concluding Remarks

What is important, it seems to me, in conclusion, is that the nature of our problems be understood, and that the solutions adopted be not merely those of convenience but rather those that will help both countries achieve orderly economic development and prosperity. Similarly, we must distinguish between serious and superficial problems, lest we solve the wrong problems and fall victim to the right ones. Above all, the solutions to the various problems should be ones which will not jeopardize the great gains made by the Free World toward greater freedom of international trade and investment. Leadership in furthering the work already done rests heavily on our two countries.

Closer consultation and collaboration between Canada and the United States are needed both in matters of current interest and in matters of longer-range importance. This might well include not only agencies of the executive branches of our governments but also joint consultative committees of our respective legislatures and business groups. This is a field in which our chambers of commerce can play a vital role. In the economic, political and military struggle between the collectivist and the private enterprise nations of the world, it is important that we in the United States recognize that, while "what is good for the United States" may not necessarily be good for Canada, it is certainly true that what is "bad for Canada" is very likely to be bad for the United States. If we bear this in mind, we should be able to work out our problems harmoniously and effectively.

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What Should Be Considered About the Future of Railroading

should be used for truly profitable and worthwhile production.

An overhaul of rules governing the work and pay of railroad employees is long overdue. This has been recognized by numerous impartial authorities, including Emergency Board 109, appointed by the President to hear the so-called Conductors Graduated Rates Case in 1954 and 1955; Examiner Howard Hosmer of the Interstate Commerce Commission, whose recently completed study and report on the railroad passenger deficit was widely publicized all over the United States, and the Senate Subcommittee under the Chairmanship of Senator Smathers, whose recent investigation of what was described as the "deteriorating railroad situation" lead to passage of the Transportation Act of 1958.

The report of Emergency Board 109, dated March 25, 1955, after observing that there has been no comprehensive review and revision of the wage structure in the railroad industry since the days of World War I, said:

"The fact that the railroad wage rate structure, for operating classifications, has received no comprehensive review for more than 30 years, and no systematic study for almost 20 years, alone suggests that it may well be obsolete and ill-designed for a modern railroad system."

The railroads recently called on the Brotherhoods to join with them in asking the President of the United States to appoint an impartial commission to examine the rules governing work and pay of railroad employees. The shippers and customers of the railroads will throw their weight behind the effort to modernize those rules, and much progress will be made simply because growing public opinion will demand that progress be made.

I am going to discuss now about the important field of regulatory laws and what developments can be expected.

Anachronistic Regulation

I have already said that regulation has not kept pace with changes in conditions affecting all public carriers, and affecting the railroads especially. Before listing changes that are necessary it will be helpful to sum up the general position of the railroads today. We have some facts and some imponderables to deal with:

Fact #1: Railroads are the backbone of the nation's transportation system, both in time of peace and emergency.

Fact #2: The inherent efficiency of rail transportation enables the carriers to produce more ton-miles with less fuel and fewer man-hours of labor than any of its competitors on land, sea or air.

Fact #3: Assuming that we can maintain our present standard of living, our steadily growing population inevitably means a rise in gross national product; more goods shipped, more people to be moved by all the carriers.

The imponderables lie largely in the fields of regulation and legislation. Will the railroads be permitted to diversify and provide other modes of transportation on highways, waterways and airways which they support with their taxes but are denied an equal opportunity to use?

Will competitive modes of transportation continue to be heavily subsidized at public expense, or will they be required to pay fair user charges for their facilities?

Will the railroads be relieved of some of their unfair and onerous tax burdens?

In my opinion, regulatory changes that will aid in correcting conditions that now distress the railroads are what is needed, above everything else, to brighten the railroad future.

Congress last year in the Transportation Act of 1958 took some steps toward broadening railroad opportunity to meet rate competition by other carriers. The legislation enacted does not afford railroads yet the equality of competitive opportunity to which they are entitled, but it has proved encouraging. Along with other railroad people I am looking hopefully to Congress for further action before it again adjourns.

Lists Urgent Regulation Needed

There are some twenty basic respects in which railroads agree that Federal laws do not fit current conditions, laws which should be amended, moderated, or repealed. A discussion of all of them is not possible here. I do want though to refer briefly to six matters which the railroads regard as urgently calling for legislative action:

(1) Fully self-supporting, taxpaying railroads are unfairly handicapped by having to meet tax-supported competition!

(2) Railroads are required to help pay for highways, airways, air-fields, and waterways, but do not enjoy the same opportunity as their competitors to use these facilities in their business.

(3) Railroads are deprived of equal opportunity to share in transporting agricultural commodities, which, when transported by motor carriers, are free from regulation by the Interstate Commerce Commission.

(4) Vitally needed modernization of railroads is frustrated by unsound regulations governing depreciation of plant and equipment.

(5) Railroads bear the full cost of unemployment insurance benefits for employes, exceeding benefits under programs covering workers in other industries.

(6) The 10% travel tax levied during World War II to discourage travel by public carriers continues to do that 14 years after the end of the war.

What Congress does this year on these six subjects will have a direct bearing on the immediate railroad future.

Knowledge of the railroad industry's past, and acquaintance with its present usefulnes, give me faith in the railroad future. Popular action seldom has gone wrong in this country when prompted by general understanding and public appreciation of the importance of issues that concern us all.

The railroads alone may not be able to brush away all the clouds that obscure their future. But they can do it with the help of the public they serve.

Removal of regulatory restrictions and limitations now interfering with the exercise of railroad initiative and enterprise, along with a business recovery that will add to railroad revenues, will protect the stake of all citizens in the railroad future. I have complete faith in the common sense and fairness of the American people. I believe the public will do whatever needs to be done to guarantee our system of private ownership of the railroads under public regulation before greater damage develops. These beliefs are the foundation on which my confidence in the railroad future stands.

One other prediction I wish to add to the future of the railroads is an easy one because it is true today. The expansion and modernization of the railroad industry has already increased and will continue to increase the complexities of managing it. I suggest that of all the industries which definitely intend to stay on the ground in the United States, leaving space to those with a different educational background, no industry offers more fascinating challenges and opportunities to young men looking for careers in business than does the railroad industry. The railroad industry is one of the few that can boast of over one hundred years of service to its country, and at the same time presents to young men, such as are present here tonight, more opportunities for rapid rise to positions of responsibility than many industries half as old.

In this discussion, I have deliberately refrained from using a psuedo-scientific approach, which is usually the popular one in talking about the future. What the future holds for our industry in the fields of greater automation, wonders made possible by development in electronics, or other forces and techniques as yet undiscovered I leave to someone with more of a scientific bent than I possess. I do know that the railroads will keep abreast of such developments.

I have sought rather to determine what position the railroads will occupy in the economy of our country in the future. I am satisfied they will continue to hold the dominant position in furnishing the mass transportation requirements of the nation.

With Ball, Burge

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Ladimer Lustig has become connected with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Continued from first page

As We See It

the other day in Washington he seemed to be determined to leave hardly a trace of any of the commonly accepted maxims of sound public policy in good standing.

Another Growth Victim

The learned professor, along with many, many others, seems to have become a victim of the current craze about artificially induced "growth." To him it is apparently a *sine qua non* of continued progress in this country, possibly of continued existence. An indefinitely continuing rise in prices is, he says, a small price to pay for the attainment of a rate of growth conceived as desirable by the national planners and others who think they can manage the economic affairs of mankind better than the natural forces which have done so well, at least in this country, for more than a century and a half. In fact, he seems to suppose that inflation, so long as it does not become a runaway inflation, does no harm at all. Apparently in his judgment, people are induced by it to work harder, save no less, invest more readily and as wisely, and manage somehow to get along as well on fixed incomes which have lost a large part of their purchasing power. Well, the professor is, of course, entitled to his own opinions—we grant that they are honestly held opinions—but to us such notions fly in the face of experience and plain commonsense.

Having thus dismissed inflation as a real danger, it is not a long step for the professor to the belief that higher wages, which he says are the chief inflationary factor today, are not to be disapproved for that reason. Having become a believer in the doctrine of inadequate purchasing power — a doctrine of ancient origin and long ago demolished by economists — it is, of course, natural for him to advocate higher wages in order to insure prosperity, or what is now viewed as the establishment of a more rapid rate of short-term growth. If the learned professor were a politician or if he had political ambitions, which we are certain he does not have, we should feel obliged to attribute such notions to a desire for votes. As it is, we find it very difficult to understand how so able and so learned a gentleman can arrive at such strange conclusions.

And Deficits, Too

Much the same is to be said of his advocacy of a heavily unbalanced budget, which he says he thinks he believes in "as such." Of course, expenditures by government in excess of revenues must be met somehow. Either the government must go into the investment market and bid for funds in competition with private industry which could do a much better job making use of the savings of the people, or else it must resort to the modern counterpart of the greenback, which we should suppose would be anathema to anyone so learned in economic history as Professor Slichter undoubtedly is. But, again, if creeping inflation without end is a good thing, we suppose that it is then only necessary to accept Professor Slichter's faith that creeping inflation always creeps and never runs in order to build some sort of logical basis for advocacy of perpetual deficits financed at the commercial banks. It is unfortunate that the man in the street so often finds it easier and perhaps more convenient to accept the word of a noted professor on such subjects than to do a little commonsense thinking for himself. That is the real danger from the rather weird beliefs of Professor Slichter and the others of the same school of thought.

Perhaps the most astonishing of the suggestions of the professor is his rather off-hand statement that the most effective single anti-inflationary step that the government could take would be to abolish all tariffs and import quotas. It is astonishing even if halfheartedly put forward apparently in the full belief that no such thing will be done. It is astonishing because it seems to reveal such a strange notion of consistency in formulating economic policies. What the professor thinks would become of American industry, which must carry the burden of labor monopoly and various other cost raising programs in competition with industries from countries where these burdens are unknown or relatively light, one finds it hard to fathom. Perhaps he believes with Mr. Reuther that profits are now so huge that incentives enough would be left even if drastic price reductions were forced all through the economy, or at least that widely spread bankruptcy would not occur.

We can only hope that these extended hearings now begun under chairmanship of Senator Douglas will presently yield better value than has been true up to now.

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Wanted: An Economic Breakthrough

lems and meet the challenge of communist economic competition merely by increasing our own wealth and economic power at a faster rate. More material wealth is by no means the sole or even the primary cure for all our problems.

Austerity Is No Answer

I do believe we must continue to demonstrate that our kind of economic system can maintain its dynamism and bring even greater social benefits without infringing on our personal, political or economic freedoms. And I think it is obvious that we cannot achieve the greater social benefits we all desire, nor can we do the kind of job we ought to be doing in the free world, without spending money.

Some people argue that we could make a much better showing right now if we would merely be a little wiser and a little less selfish, if taxpayers would stop fighting tax increases, if farmers would give up some of their subsidies, and veterans some of their benefits, and if Congressmen would stop pork-barreling. That may be. But it hardly seems realistic to suppose that we are suddenly going to be transformed into a nation of saints or hairshirt addicts. It's a pretty good bet that we will go right on being the frail and fallible human beings that we are.

To be realistic, our best chance of acting wisely and well as a nation is to make it easier for all of us to do the things that we know we ought to do.

The trick is to arrange things so we can do more and more without having to sacrifice more and more. And the way to do that is to expand our economic base as rapidly as we can soundly do so. If we are able to do that, we can and will have more of everything: higher living standards; more tax revenues; more social benefits; a more effective foreign economic program.

Prefers Economic Growth

On the whole, of course, this country has done exceptionally well, better than any other, in terms of dynamic economic growth. But I think it is a reasonable proposition that we can and should do better than we have done in the past by increasing our rate of growth.

How do we go about doing that? I suppose we might start by trying to define exactly the things we would like to achieve in order to maximize our progress.

Ideally, we want the fastest possible continuing increase in the productivity of manufacturing, agriculture and services. Productivity, of course, is not the same thing as production. Increasing productivity means increasing the amount of goods or services produced with available resources—labor, capital, management and materials. The more efficient use of all these elements determines the increase in productivity.

Then we would want to increase production to utilize as fully as possible our industrial capacity and to maintain consistently high levels of employment.

We would, of course, also want continuing high levels of consumption necessary to absorb and sustain a rapid increase in the production of goods. We would want to find ways to decrease the costs and inefficiencies of distribution.

And while doing all these things, we would want a stable economy—one that is not subject to sharp business cycles, chronic deficit financing, chronic inflation, or a combination of the three.

These are all eminently desirable objectives. In a relatively primitive economy, under the iron whip of a dictatorship, it should not be difficult to do some or all of these things, for a time at least.

In a more complex and delicately-balanced free economy, it's not quite so easy. If you succeed, for example, in increasing sharply your productivity performance, you may displace people from jobs in substantial numbers. If you try artificially to sustain high levels of employment and production, you wind up with surplus goods, and you will almost certainly resist the kind of action that would give you the increased productivity you want.

That is not to say that we cannot by intelligent, sound planning and action increase our rate of economic progress. It can be done. But there is, in my opinion, a right way and a wrong way to go about doing it.

The right way, to put it very simply, it to provide the best possible conditions for the economy, industry, agriculture, and the various services to grow in a natural and balanced manner, and to use the powers of government intelligently to abet this natural process. I have a number of ideas on this subject. Before I go into them, I'd like to take a good searching look at what I consider a very wrong approach to the problem.

The Wrong Approach

I have in mind the approach espoused by certain elements in our society who advocate what I would call the "galloper" treatment.

Now a galloper is a little cotton stocking filled with powdered carbon. It was used back in prohibition days to hasten the aging of whiskey in the barrel at a time when it was not considered practical to let it mellow and ripen in the natural order of things.

The advocates of giving the economy the galloper treatment are do-it-now men. They want sweeping social measures and they want them now, and all at once. They are frustrated by the perverse contradictions of the economy that keep us from achieving all the things we want now. They appear to feel quite earnestly that the issues facing this country are so grave that we cannot entrust our future to the imperfect and relatively uncontrolled movements of the free market economy.

And though they say, and indeed may believe, that they are in favor of the profit incentive and private enterprise, they say it with a great and obvious lack of conviction.

For they also like to charge that business is inherently morally inferior because it is motivated by the desire for personal gain or profit, that it is greedy, that it lacks constructive social imagination.

The galloper viewpoint is a crisis viewpoint. It sees our national life as a series of cataclysmic happenings and unlimited desperate needs, each one calling for immediate action—usually involving a total mobilization of our resources under strong, central guidance.

This, of course, is a fair approximation of what might be called the traditional extreme left-wing economic viewpoint in our society. I discuss it at such length because this viewpoint once again appears to have politically powerful advocates, after a long period in which it could make no significant headway in either political party.

While it will be disavowed, I am convinced, and I believe that objective study demonstrates, that this is the view held by the single most influential element in the American labor movement. I do not join my deeper-dyed colleagues in viewing the galloper advocates as cynical. Machiavellian demagogues driven by personal ambition or by alien philosophies. I have no reason to doubt that they are honestly and earnestly concerned with promoting the well-being of society.

But I take very strong issue with many of their basic ideas and with many of their methods. I don't know of anybody or any group of people smart enough to mastermind and manipulate artificially our economy without doing much more harm than good. And I am concerned today because I believe that this group has a very good chance of imposing its basic views upon our society.

In terms of unfettered power, big labor is the strongest single center in the American economy. There is broad agreement today, except perhaps among labor-oriented economists, that the big union today is in a position of unrestricted monopoly power. It is using that power not to increase the growth of the American pie, but to cut out a larger share for its constituents. In the process, it is unquestionably thwarting the very improvement in productivity and the increased economic growth that it says it wants.

Michigan Supreme Court's Decision

There can be no question that the unions today are politically powerful and effective. In a growing number of states, unions have achieved increasing influence if not practical control over legislatures, courts and administrative agencies. I have in mind, for example, the recent Michigan Supreme Court decision which, in effect, would force industry to finance strikes against itself.

These gains enable some unions not only to tighten the screws on management, but also to advance broad social and political goals of their leadership.

I believe, in fact, that the giant AFL-CIO is functioning less and less as a primarily economic organism. Today, it takes care of labor's traditional economic concerns with its left hand, while its right arm is plunged up to the elbow in politics. It is, by its own admission, using political action to achieve economic and other ends that it cannot achieve across the bargaining table. And in a time of relative political apathy it is, I think, the most aggressive, ascendant force in American politics.

And, finally, I believe that this economically powerful, politically powerful force has among its leaders a few men who, in their zeal to accomplish their own brand of social ends, have been careless about means, to put it as gently as I can. Either they are very poor economists or they are not willing to let objective economic truth stand in their way.

They are masters of the righteous slogan, the thinly veiled appeal to selfish interest, the glib response to the serious and complex problem. They answer the important and valid generalization with the fast, flashy and often false particular. Because they are politically adroit and highly persuasive publicists, economic understanding is being done a measurable harm, misinformation is multiplied, and the democratic process itself is impaired. As Adlai Stevenson used to say: "It is better to lose than to mislead the people."

Now I realize that such methods are the traditional methods of political oratory. I don't mean to condemn them as such; I do think they should be recognized for what they are.

For all these reasons, the giant unions, their economic monopoly power, their political influence, their methods and their motivating philosophies deserve the most earnest scrutiny by all thoughtful Americans, Democrats and Republicans, liberals and conservatives, who are seriously concerned about preserving important fundamental values of our economic and political system.

I have made a number of flat and broad assertions here and I will make more, because there are a lot of things I want to say and just not enough time to document them all. I would like to point out one or two major areas wherein what union leaders say and what they do offer particularly sharp contrasts. It is perhaps extraneous to mention, by the way, that what the fellows at the top say in public often has precious little resemblance to what they say at the grass roots to the rank and file.

The politically vocal group in labor has lately been beating the drums for a substantial increase in national productivity. Some would like to see us move from the historical average annual growth of about 2.3% to something more like 5%.

Questions Labor on Productivity

If union leadership seriously wants increased productivity, I can think of no better place for it to start than with its own bargaining philosophy and demands. It is common knowledge that many trade unions have traditionally and strongly resisted new methods and tools leading to productive increases. Certain unions in the construction trades, for example, have stubbornly and effectively held back progress at a cost of untold billions of dollars to home owners and to the whole economy.

The old trade union psychology has carried over into the newer industrial unions, though I must say in fairness that most of our present industrial labor leaders have not seriously attempted to block the introduction of new and more productive machinery—despite their outcries against what we call automation. Nevertheless, many of the barriers to increased productivity are union-made.

The labor contracts of various industries contain provisions that seriously hamper progress in efficiency, including feather-bedding, union participation in determining work standards, extreme seniority rules, and actual disincentives to outstanding performance. On the latter point, in our 1958 negotiations, the UAW seriously proposed that promotion should be based exclusively on seniority and that merit should not be considered—a proposal to which we did not agree.

In view of all this, incidentally, I am always puzzled to find union leaders speaking of "increased worker productivity," as though workers must sweat harder in order to produce more. Improved productivity means less human sweat, not more. Industrial productivity generally is increased through investment in better, more efficient plant, better machinery, better methods and processes, better scheduling and so on.

In this sense "management productivity" is a more appropriate term than "labor productivity."

The union leaders who say they want more productivity — while steadfastly resisting it—also say a lot of other things. They say they believe in profits and the incentive system. They say they want all groups in the society, including business, to share in the productive growth of the economy. They say they do not want wage gains that are inflationary, and that they don't want to redistribute the pie, but merely to share in a growing pie. The fact that so often they do the exact opposite of what they say does not necessarily mean that they are insincere. It may just mean that they feel they must do a lot of things they don't really want to do in order to hold their jobs.

Traces Wages and Output

Take the wage-price inflation dispute. In the years following World War II, hourly labor wage rates had climbed at a faster rate than in any like period in our history. In 1956 and continuing well into 1958, we had a series of even sharper increases in hourly wages and fringe benefits in major manufacturing industries. These averaged from 5 to 6% a year, or from two to three times the long-run average annual growth in productivity for the economy. Since about 80% of the final selling price of manufactured products is attributable to labor content, we found ourselves in a full-scale wage inflation. Higher wages in industry brought demands for higher wages and salaries throughout the economy, and the inflationary pressures spread.

Of course, industrial labor—and it alone — was insulated against the inflationary effects of its own wage increases. Many labor contracts contain escalator provisions, known as cost-of-living allowances, which provide automatic wage increases equal to the rise in consumer prices. They also have additional guaranteed annual wage increases in the form of an annual improvement factor. Negotiations for wage increases usually start from on top of this base.

In 1958 people began to wake up to these facts, and the public reaction to rising living costs put the big unions on something of a spot. Union leaders are always under pressure to get regular and bigger wage and benefit increases for their membership. However, a point had been reached where they could not get those increases out of the normal productive growth, where labor costs forced prices upward, and part of the added wages that went into the unionized worker's pocket inevitably came out of somebody else's pocket—mainly from the pocket of the farmer, the teacher, the preacher, the government worker and retired people on fixed incomes, who did not have the economic power to protect themselves.

In the face of this pressure, union leaders came up with the theory that what we had was not wage-caused inflation but profit-caused inflation — that industries with monopolistically administered prices were pricing their products in such a way as to extort bloated profits from a helpless public.

As a matter of fact, the aggregate statistics for the movements of prices, profits and wages over a substantial period of time directly contradict this thesis.

Of all major components in the economy, business profits alone have failed to share in the exceptional growth of the past decade. Compensation of corporate employees increased from $90 billion in 1948 to $160 billion in 1957. Increases both in total employment and rates of pay contributed to this rise. For example, average hourly wage rates in all manufacturing industry increased about 50% in this ten-year period. Corporate net profits, by contrast, stayed at about $17 to $18 billion a year despite greatly increased investment and sales. The return on capital invested in manufacturing declined from 16.3% to 11.1%—or about one-third—over the same period.

I have no idea whether the rise in compensation and wage rates is just and fair on an abstract moral basis. But I do think we must ask

whether the failure of profits to keep pace with economic growth is healthy for this country and its people. Each year it takes more and more capital investment merely to sustain a consistent level of profits. If our labor leaders want dynamic growth, they should be concerned that industry gets enough profits both to create and to lure substantially greater capital investment.

The fact is that when the statistical evidence failed to support the unions' profit-inflation theory, they ignored the facts that did not fit their thesis. They indulged in highly selective statistical argument. For three years, they made great capital of the fact that General Motors made some very substantial profits in 1955.

During our own 1958 negotiations, we were constantly beaten over the head with GM's 1955 profits and Harlow Curtice's 1955 paycheck. About our own profits, which were worse than non-existent at the time, we heard nothing. So if anybody happens to give you an argument based on Harlow Curtice's pay or the number of times U. S. Steel has increased its prices, I hope you will ask him to open the book a little wider and let you see the rest of the figures.

Now, of course, the insidious thing about wage-cost inflation is that it cannot be stopped by any normal economic procedure. We have here an absolutely unlimited appetite with virtually unlimited power to gratify itself.

Taking at face value the statements of union leaders that they do not want inflationary wage increases, that they want to encourage increased productivity and the capital formation necessary to achieve it, it is most unrealistic to assume that they will match their actions to their words under the present circumstances.

Relieve Labor of Its Power

Our big unions need help. The first step is to relieve them of the burden of monopoly power so that once again they will meet management on a basis of real power equality, and competitive market forces can work to keep profits, prices and wages in balance. To do this requires sound action limiting monopoly power of unions. Such action would also help to correct the abuses that unrestricted power has made possible in certain unions. Another advantage in limiting union power would be to relieve some of the growing union pressure on government—including the administrative, legislative and judicial authorities, both state and national—so that government may continue impartially to balance the conflicting powers of labor and management, and not act as a partisan of one group or the other.

At the same time, there must be effective political action to oppose the political action of unions. I can assure you that finding the vitality to match the political vitality of the union movement will be no easy task. It is a fact of life that the great majority of our voting population is not in the entrepreneurial group and is largely indifferent, if not actively hostile, to industry. People generally do not recognize their personal stake in the business corporation.

People seeking direct social benefits from government know what they want and are willing to work to get it. The recent political triumphs of unions in such States as Michigan, Indiana, Ohio and California are the result largely of active participation in politics by the whole union organization and many of its members.

While business has been politically active, it has not been effective because of its failure to generate broad participation by people in local politics. I suspect also that it has erred in identifying itself and its causes too exclusively with the extreme conservative political viewpoint. It spends most of its time trying to convert the faithful; it has notably failed to appeal effectively to the large mass of independent voters and has almost totally defaulted in terms of making its influence felt within the more moderate elements in both political parties.

Activating the Middle Class

It seems to me that the best hope for stopping the present political drift toward a government controlled economy, and for opening the door to exuberant economic growth, lies in the political activation of a large, moderate, politically inactive middle-income group in our society. This group amounts, by one estimate, to 30% of the electorate. It is the fastest-growing group in the country, composed substantially of white collar and middle management employees. It could be playing a dominant role in politics. If it can be mobilized, it would provide a solid and very wholesome buffer to extremes of either the right or the left.

Today business is actively seeking to organize this latent political power and to regain the ground it has lost as a result of its own indifference and blindness. We need not and indeed must not think of this job in negative, stop-union terms.

Let me assure you that, despite my remarks about certain aspects of union activities, I am not in favor of union busting.

I appreciate fully the valuable contributions of organized labor to our society. I believe that over the long run, in a free enterprise economy, industrial workers need good unions with intelligent and honest leadership to represent them. We might never have had today's overly powerful unions if it were not for the bad, unwise, irresponsible behavior of many businesses of an earlier era.

Opposes Any Kind of Power

But I am opposed to unrestricted power. I am against it in business. I am against it in government. I am against it in labor. Monopoly, unrestricted power in any form, is inconsistent with the values and effective functioning of our kind of society.

Though unions argue that they are not a proper subject for monopoly control because they represent human beings, rather than commodities, the fact is that unions can and do restrict trade just as effectively as any other economic force.

I do believe that bringing labor's economic and political power within reasonable bounds will have valuable consequences for the whole country. It will temper one particularly insidious form of inflation, and that will mean greater stability throughout the economy. It will stop the constant squeezing of profits between the pincers of rising costs and price resistance, and that will mean increased incentive to invest in new products, new plant and equipment.

It will be one important step toward building a more dynamic economy along the sound and healthy lines that I mentioned earlier—that is, by providing the best possible conditions for the whole economy, including industry, the services and agriculture, to grow in a natural and balanced manner.

Now let me admit that up to this point I have not said much that the boys down at the Union League Club would not applaud. Clamp down on the unions? Resist direct government interference in business? By all means, they would say. They might take issue with me, of course, for not having proposed a reduction of Federal Government activities and the Federal budget to the levels of the Harding Administration.

Berates Business Negativism

But if business can't come up with anything better than merely negative proposals, if it can't come up with a positive and workable program for a stronger and more dynamic economy, then it will certainly lose out in the political race with those who paint a more brilliant picture of the future, who offer action now—however ill-conceived it might be — and who appeal directly not only to the desire for more, but to commonly held, deep-seated American ideals — the ideal of caring and caring well for our sick and aged, our helpless and indigent; the ideal of giving our young the best we can give them of sound health and good education; the ideal of helping to the best of our ability less fortunate people in other lands, not merely because it is to our advantage to do so, but because we are part of a common humanity, and we cannot say: "Am I my brother's keeper?"

This is the kind of appeal that stirs the minds and hearts of the American people, as it does those of people everywhere. Before such an appeal, the dry dissertations of many businessmen on the virtues of the private enterprise system blow away like dust in the wind.

Certainly I believe in the private enterprise system. I believe it can go on giving us the great benefits of economic and social progress it has given us in the past. I believe in it not because I think it is divinely ordained, but because it works better than any other system yet devised. It works because it effectively harnesses aggressive human drives to broadly constructive purposes. It works because it provides incentives that seem to stimulate masses of people to vigorous effort and a constant restless search for greater efficiency.

But I recognize also that the private enterprise system is not really a system at all. What we have is a loose and tremendously varied array of private and public enterprises, held together by the cohesive force of certain underlying principles—free incentive and a degree of freedom of choice and action established by law and by custom. We have three- to four-million centers of initiative in this country versus one in Russia.

Again, I recognize, as all of us must, that as our society has grown more complex, government has had to play an ever greater role, direct and indirect, in our economy. Realistically, over the years ahead that trend is not likely to be reversed.

Our problem as businessmen is not to dig in our heels and resist any and all kinds of government activity. Our problem is to try to see to it that government does the right kind of things, that it avoids those measures that are economically harmful—the subsidies that perpetuate marginal industries and marginal agriculture, or that try to sustain marginal industrial areas, for example—and that it provides more of the services and facilities that promote genuinely worth-while economic purposes without shackling economic freedom.

In that context, I would like to suggest several general areas of action that I believe hold great potential for a new productive explosion in the American economy.

Submits Action Program

First, I would suggest an attack by all elements of our society on the existing barriers to increasing productivity in industry, agriculture and services. Let's try harder to get rid of the old-world craft guild psychology tht has no place in our dynamic, fast-changing economy — the psychology that locks people into marginal jobs and obsolescent skills.

Second, I suggest that we make possible greatly increased business capital investment by permitting business profits to share reasonably in our economic growth, and by wiser taxation, particularly in terms of more realistic and faster depreciation allowances for writing off plant and equipment and encouraging the building of new.

Third, we must try to stimulate greater consumption of goods and services. The way to do this effectively is to intensify sharply our development of new or greatly improved products that will persuade people to get out their wallets and buy. Industry must utilize much better the latent creativity of the people it employs, and venture more in introducing new products. We should develop better incentives to encourage new product ideas; publicize and commend originality in product design; and exploit more fully the vast potential of recent scientific discoveries and new technologies.

Fourth, we should use the resources of industry and government more effectively to maintain high and stable levels of employment and income.

I think we would all agree that the one single factor in the private enterprise economy that leads to great political pressures toward the welfare state is its cyclical nature and its need for mobility within the work force.

While we can minimize cycles in the free enterprise economy, there is no way of eliminating them entirely. Buying habits change. Excessive inventories of certain goods accumulate from time to time. Plants shut down and people are laid off. At times whole industries become obsolete, and their employees are forced to find new jobs and learn new skills.

Again, technological advances in industry and agriculture displace people from farms, from factories, from special labor skills.

All of these things create worry, unhappiness, and economic problems for the people involved. Ultimately they turn to the state to solve their problems.

But I, for one, would like to see business and industry give serious and systematic thought to finding ways in which both private and public resources can be used more intelligently to stabilize employment and income in ways consistent with broad national growth in productive efficiency.

Broad Vision of Social Justice

I know that in American management there are many men with the broad vision and the sense of social justice needed to break through the barriers that block the fullest development and growth of our society. I think that the talent, the imagination and the sound practical judgment of business must be marshalled more effectively to attack these problems.

The American business system has created a great reserve of national wealth out of which we have already established an unheard-of-degree of security and prosperity for the American home. We have shored it up with broad public and private social measures —measures which in themselves have strengthened our economy and have contributed to our prosperity. It follows that we businessmen should not allow label-thinking to scare us away from examining fairly and without fear all future means which, consistent with economic and political freedom, will enhance our future prosperity and security as a nation, and encourage people to accept willingly the marginal uncertainties characteristic of any system where initiative is not centered in the government.

In material terms, our future prospect is breathtaking. The new technologies which have already so vastly altered our lives—atomic energy, electronics, the new chemical and the new metallurgical advances—are in their infancy. We have had a scientific explosion that has yet to be translated into an economic explosion of like magnitude.

In the face of vast opportunities and the economic challenge of world communism, we simply can't afford to play two-bit poker with protective tariffs and unimaginative foreign policies. Nor can we afford, at home, to sit around haggling about how we will carve up our pie instead of doing the things necessary to free our economic machine and make that pie grow as it has never grown before.

America's potential is more than equal to the stirring challenge we face. By doing promptly and thoroughly the things we know we must do, we can reaffirm in the minds and hearts of men everywhere the deep conviction that human progress—social and spiritual, as well as economic—can best be achieved through freedom and individual initiative.

Hancock Secs. Opens

Hancock Securities Corporation is conducting a securities business from offices at 79 Pine Street, New York City. Officers are Mordecai W. Grossman, President and Secretary, and Mortimer Tover, Vice-President and Treasurer.

With Marvin C. Yerke

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Gordon S. Frambes is now with Marvin C. Yerke & Associates, Inc., 40 West Broad Street.

Form Buren-Sweeting

TACOMA, Wash. — Buren-Sweeting Investment Company has been formed with offices at 10222 Gravelly Lake Drive, S. W., to engage in a securities business. John W. Buren and Stanley J. Sweeting are partners.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — George A. de Urioste has joined the staff of Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 301 Montgomery Street. He was formerly with Harris, Upham & Co.

Mitchum Jones Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles T. Maguire has been added to the staff of R. H. Moulton & Company, 405 Montgomery Street.

With Stewart, Eubanks

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Benjamin C. Chapman has become associated with Stewart, Eubanks, Meyerson & Co., 216 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Chapman was formerly with Hooker & Fay and Sutro & Co.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Albert J. Wisner has been added to the staff of Walston & Co., Inc., 329 South Ellsworth Avenue.

With Robinson-Humphrey

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—John St. John Craigen and George W. Gilbert are now affiliated with the Robinson-Humphrey Company, Rhodes Haverty Building.

With Berwyn T. Moore

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — Robert K. Wilson has become connected with Berwyn T. Moore & Co., Inc., Marion E. Taylor Building, members of the Midwest Stock Exchange.

Form Southwest-Pacific

FT. WORTH, Tex.—Southwest-Pacific Corporation has been formed with offices in the Continental National Bank Building to engage in a securities business. Officers are Jesse L. Walden, President; Ivor A Stephen, Vice-President; and Luther P. Hale, Secretary-Treasurer.

V. F. Jones Opens

NEWTON, Ill.—Virgil F. Jones is engaging in a securities business from offices at 630 South College Avenue.

R. A. Lindsay Opens

NEWPORT BEACH, Calif.—Robin A. Lindsay has opened offices at 2117 West Balboa Boulevard to engage in a securities business.

Continued from page 4

The State of Trade and Industry

February and activity in most industries was at or above previous highs. Minerals output also increased reflecting gains in coal and metal mining.

Employment Picture Virtually Unchanged

The employment picture was virtuallly unchanged between January and February, Secretary of Labor Mitchell and Secretary of Commerce Strauss jointly announced.

Total unemployment remained at 4.7 million and State insured unemployment at 2.5 million in February. The seasonally adjusted rate of total unemployment, at 6.1%, continued at about the same level which has prevailed since November.

Employment in February held at its January level of 62.7 million, with no significant change in the number of farm or nonfarm jobs. Total nonagricultural employment (Census figures, which include the self-employed, domestics, and unpaid family workers) stood at 58.0 million, while the number of employees on nonfarm payrolls (BLS figures) remained practically unchanged at 50.2 million.

Machine Tool Orders Outpacing Shipments

The machine tool industry reached another rung in its slow but steady climb out of the 1958 depression. Starting its ascent in October, 1958, it continues upward on a sporadic month-to-month basis. Both cutting and forming type new orders are beginning to exceed shipments—a total of $19,150,000 during the past two months, the National Machine Tool Builders' Association reported March 24.

Net new orders (cutting type) reached $36,050,000 in February—up 24% over January—and a new high since August, 1957. Although forming type machine tools declined $2,500,000 from the previous month, the total of cutting and forming showed a net gain of $4,450,000 for the month.

Both large and small builders report increased inquiries for substantial orders. Another healthy sign is the receipt of new business for builders of large machine tools—those requiring nine, 12, and 18 months to build. Some feel the international situation has prompted users to place firm orders for long over-due requirements.

Utility Regulation of Oil Industry Indicated

President Eisenhower's directive imposing mandatory controls over imports of petroleum and petroleum products in effect means that the government will decide what the supply and price of oil and refined products in the U. S. should be. This could be a major step toward public utility regulation of the petroleum industry, according to "Petroleum Week," the McGraw-Hill publication, out today.

The President's action gives the government a control valve with which it can open the flow of imports if the domestic oil situation is not to its liking.

The situation promises a new era for the industry, one in which operations will be in sharp contrast to the competitive, free enterprise economy that characterized oil's first 100 years, the magazine states.

Steelmen Geared for "Fast and Furious" Second Quarter

Steel mills are getting set for a fast-and-furious second quarter, according to "The Iron Age," national metalworking weekly.

"Iron Age" said second quarter production and shipments probably will set an all-time record as the mills and their customers try to get set for a possible steel strike at mid-year.

At the moment, said "Iron Age, steel ingot output is maintained at a high level but production of finished steel is tending to lag. Some sources say the inexperience of second and third work shifts is responsible. Others feel the mills themselves are building inventories of ingots and semi-finished steel.

"In the second quarter," predicted the metalworking weekly, "this situation is expected to reverse itself. Semi-finished inventory will be reduced. Shipments will exceed production. No steel will be available for immediate delivery. Those who have not committed themselves weeks in advance will be out in the cold."

"Iron Age" said incoming orders have leveled off at some mills only because there is no point in taking any more orders for shipment before June 30—the steel contract deadline. Even so the amount of new orders coming into many mills last week was close to capacity.

Many mills will accept orders now for July delivery, and if there is a strike the steel will be shipped when the mills get to it. Quite a few customers are sending in business on this basis.

"In fact," said "Iron Age," "big steel users are being pressed hard by steel salesmen to commit themselves for steel far ahead of time. Although on allocation, customers are urged to give releases for the exact tonnage because in many cases they are not taking all they can get. If big steel customers fail to take all they are entitled to, sales offices must scurry around and offer tonnages to customers previously turned down. And many have since gone elsewhere."

This leads occasionally to paradoxical situations where steel products that are generally in a very tight position from a delivery standpoint can be delivered relatively quickly.

For example: Mills generally have imposed quotas (allocations) on flat-rolled products. Yet two mills, at least, are reported offering three-week delivery of hot-rolled sheets.

Washington Opinion No Steel Strike

Steelmakers continue under heavy pressure to produce and ship all the steel they can make by June 30, "Steel" magazine said on March 23.

The metalworking weekly commented that mills are in an area where they are meeting resistance to raising the operating rates above 92.5%. Demand for light and heavy products is well balanced and closely attuned to the industry finishing capacity.

Production leveled off last week. Mills operated at 92.5% of capacity. Output was 2,619,000 net tons of steel for ingots and castings.

Demand is so widespread that, if automakers decided to cut back their orders for sheets, producers could ship the canceled tonnage to a host of other consumers. Users underestimated their needs and have made little headway in building strike hedge inventories.

"Steel's" industrial production index is within one percentage point of its all-time high (set in December, 1956). It's expected to reach that level this week.

Opening of the ore shipping season may be delayed by the worst ice conditions on the upper Great Lakes in many years, "Steel" said. Port openings may be seven to 10 days late, maybe more, depending on the weather in the last two weeks of March. Shippers had hoped to start early in April this year. In 1958, the season started on April 17. Observers say 70 million to 75 million tons of ore will be shipped in 1959, vs. last year's 20-year low of 53 million tons.

Washington opinion is that there will be no steel strike, the magazine said. One adviser offers this thought: "You don't get a serious strike when the drums have been beaten for months in advance. It's like prematurely announcing your availability for political office. Bad strikes are those that slip up unheralded by such propaganda as we are experiencing now."

United States steel wage rates are two to eight times as high as foreign mills which compete with American steel producers, the magazine reported. U. S. hourly earnings (in 1957) averaged $2.92; Luxembourgh, 97 cents; Belgium 76 cents; West Germany, 69 cnts; France, 58 cents, and Japan, 36 cents.

This year will see the start of an upturn in industrial construction, "Steel" said. Industrial building completions are expected to reach $2.1 billion. By 1960, the total should rise to $2.5 billion; 1961, $3.5 billion. In 1957, new construction put in place was valued at $3.6 billion.

"Steel's" composite on No. 1 heavy melting held unchanged last week at $41.67 a gross ton. Export business is increasing.

Steel Production Uptrend Unabated

The American Iron and Steel Institute announced that the operating rate of steel companies will average *163.5% of steel capacity for the week beginning March 23 equivalent to 2,627,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *163.8% of capacity and 2,631,000 tons a week ago.

Actual output for March 16 week was equal to 92.9% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for the week of March 23 is 92.8%.

For the March 16 week a month ago the rate was *156.0% and production 2,506,000 tons. A year ago the actual weekly production was placed at 1,366,000 tons, or 85%.

*Index of production is based on average weekly production for 1947-1949.

Highest 1959 Weekly Car Output Anticipated

The highest passenger car production volume of 1959 was scheduled by U. S. manufacturers in the week ended March 20, "Ward's Automotive Reports" said. Truck output was just short of the year's best level.

Programmed were 136,409 cars compared to 1959's present peak of 135,953, recorded Jan. 12-17. Trucks were estimated at 25,294 units contrasted to the year's top effort of 25,443, reached Feb. 16-21.

"Ward's" cited a 5% upswing in Chevrolet car-making and continued strong patterns at Ford Division, Chrysler Corp., American Motors and Studebaker-Packard as factors in the recent week's hefty volume.

Turned out the week previous were 134,283 cars and 24,368 trucks, totals that have been surpassed by 1.6% and 3.8%, respectively, in the week ended March 20.

Although Chevrolet's Flint assembly plant did not operate March 16, because of new car inventory adjustments, "Ward's" said the Flint plant built cars at its strongest level in four weeks.

Ford Division's program was 5% off Chevrolet's pace. But Ford enjoyed one of its better weeks also, and intended to run five car-making plants on March 21.

Other factories turning out autos six days were the Lincoln-Thunderbird plant at Wixom, Mich.; Plymouth's Detroit, Los Angeles and Newark, Del.; units, American Motors and Studebaker-Packard.

Working less than five days, in addition to Chevrolet in Flint, were Buick's Flint works (idle one day), a Buick-Oldsmobile-Pontiac factory in Kansas City (down one day) and Mercury's Metuchen, N. J., plant (closed all week). Inventory adjustments were the reasons given for the shutdowns.

"Ward's" indicated that the various plant closedowns in the midst of strong industry scheduling are the result of territorial inventory realignment of new car stocks rather than a sign of weakness in the overall market.

Electric Output Below Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 21, was estimated at 12,900,000,000 kwh., according to the Edison Electric Institute. Output the past week was slightly below the level of the preceding week.

For the week ended March 21, output declined by 96,000,000 kwh. below that of the previous week, but showed a gain of 1,144,000,000 kwh. or 9.7% above that of the comparable 1958 week.

Car Loadings 10.4% Above Corresponding 1958 Week

Loadings of revenue freight for the week ended March 14, 1959, totaled 595,302 cars, the Association of American Railroads announced. This was an increase of 56,175 cars, or 10.4% above the corresponding week in 1958, but a decrease of 93,924 cars, or 13.6% below the corresponding week in 1957.

Loadings in the week of March 14 were 628 cars, or one-tenth of 1% below the preceding week.

Lumber Shipments 4.4% Above Production For March 14, Week

Lumber shipments of 485 mills reporting to the National Lumber Trade Barometer were 4.4% above production for the

week ended March 14, 1959. In the same week new orders of these mills were 5.9% above production. Unfilled orders of reporting mills amounted to 44% of stocks. For reporting softwood mills, unfilled orders were equivalent to 21 days production at the current rate, and gross stocks were equivalent to 44 days' production.

For the year-to-date, shipments of reporting identical mills were 1.4% above production; new orders were 6.1% above production.

For week ended March 14; as compared with the previous week, production of reporting mills was 3.4% above; shipments were 0.1% below; new orders were 2.4% below. For the latest week, as against the corresponding week in 1958 production of reporting mills was 8.7% above; shipments were 18.3% above; and new orders, were 10.9% above.

Business Failures Off Slightly for March 19 Week

Commercial and industrial failures dipped to 292 in the week ended March 19 from 311 in the preceding week, reported Dun & Bradstreet, Inc. Considerably fewer casualties occurred than a year ago when 357 businesses failed or in 1957 when there were 318. Also, failures fell 17% below the prewar total of 350 in the comparable week of 1939.

Liabilities of $5,000 or more were involved in 256 of the week's casualties as against 262 in the previous week and 305 last year. A decline also prevailed among small failures, those with liabilities under $5,000, which were down to 36 from 49 a week earlier and 52 in the similar week of 1958. Concerns failing with liabilities in excess of $100,000 numbered 25, dipping from 27 a week ago.

All industry groups except retailing and wholesaling had lower tolls during the week. Casualties in manufacturing dipped to 47 from 50, in construction to 43 from 50, and in commercial service to 22 from 39. Running contrary to this week-to-week decline, failures among retailers edged up to 153 from 149 and among wholesalers to 27 from 23. In all lines, fewer businesses succumbed than in the corresponding week last year.

Five geographic regions accounted wholly for the week's dip; the East North Central total turned down to 42 from 50 and moderate declines also prevailed in the New England, West North Central, East and West South Central States. Meanwhile, Middle Atlantic failures held steady at 110; those in the South Atlantic edged to 28 from 27, and those in the Pacific States rose to 68 from 61. Casualties were lower than last year in all regions except the Mountain States which remained even with 1958. Some of the most noticeable year-to-year declines appeared in the South Central States.

February Business Failures Down in Number and Amounts

Declining in nearly all regions and in most lines of industry and trade, business failures were down 9% in February to 1,161. Although casualties dipped 6% below the comparable month last year, they remained above any other February since 1939. Concerns failed at a rate of 50.9 per 10,000 listed enterprises. Dipping fractionally from January, this rate was the lowest in 19 months.

Dollar liabilities involved in February casualties dropped 20% to $58.6 million. Except for January, however, they bulked larger than in any month since July.

Commercial service tolls continued up to the highest level in six months and ranged a third above February last year, boosted largely by increases among transportation concerns. Declines from January prevailed in other major functions; the sharpest downturn occurred in wholesaling, primarily in the building materials and machinery trades.

While manufacturing casualties held about even with a year ago, mortality in the trades and construction fell 7 to 12% below 1958 levels. Among retailers, trends were mixed: tolls increased mildly in food and general merchandise stores; held even in building materials and restaurants; dropped 27% in apparel, although liabilities remained high in women's wear; and declined some 20% in the furniture and automotive lines. In construction, general builders had the lowest toll in over a year and a half, subcontractors held steady at last year's level, and heavy construction mortality rose from February, 1958.

Seven of the nine major geographic regions reported January-to-February declines, and a general downturn also prevailed from year-ago levels. Only the Middle Atlantic and East North Central States suffered heavier tolls than last year. New York, Ohio, Illinois, and Wisconsin accounted largely for these two regional increases. Declines ranged from 15 to 29% in the remaining seven regions, with the Pacific total at the lowest level in three years. Considerably fewer businesses failed than in February, 1958, in Louisiana, Oklahoma, Mississippi, Kansas and Minnesota.

Wholesale Food Price Index Rises Fractionally

For the second consecutive week in a row, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., moved up fractionally. On March 17 the index rose 1.0% to $6.19 from the $6.13 of the prior week, but it was 7.2% below the $6.67 of the similar date a year ago.

Commodities quoted higher in price this week were wheat, corn, rye, oats, beef, bellies, lard, tea, potatoes, steers, and hogs. Lower in price were flour, hams, butter, coffee, and cocoa.

The Dun & Bradstreet Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Up Slightly

Reflecting higher prices on hogs, steers, rubber, and some grains, the general commodity price level rose fractionally this week. The Dun & Bradstreet Daily Wholesale Commodity Price Index rose to 278.18 on March 23 from 278.01 a week earlier, but remained below the 1959 high of 278.25 set on March 11. The index compared with 281.96 on the comparable date a year ago.

Trading in rye and oats expanded steadily during the week, and prices were slightly higher. Reflecting an increase in stocks, prices on wheat dipped somewhat wheat trading was close to the prior week. Volume in corn was steady, but prices were fractionally lower. There was little change in soybean prices, but transactions weakened.

Although flour buying was sluggish again this week, prices were steady. Some scattered sales of flour were made to Norway, but otherwise the export market lagged. While domestic orders for rice were unchanged this week, export buying moved up, with inquiries from Turkey and Ceylon; rice prices were the same as in the preceding week.

Sugar trading in the domestic market picked up at the end of the week, but prices remained unchanged from the prior week. There was a moderate decline in coffee supplies, but trading dipped; this resulted in a slight decrease in coffee prices. Much of the sluggishness in the coffee market was due to buyers awaiting the outcome of meetings soon to start in Washington among coffee producing countries in Latin America to set quotas for the second half of the quota year beginning April 1.

Wholesalers reported a moderate dip in cocoa trading during the week and prices were slightly lower; inventories were again limited. Prices on hides moved up appreciably reflecting a marked gain in transactions.

Hog trading picked up at the end of the week and prices finished slightly higher; the salable supply of hogs in Chicago markets was close to the prior week. Cattle receipts were down noticeably from a week earlier, but trading was steady; prices on steers were up fractionally. There was a slight dip in lamb prices as trading slackened.

Cotton prices on the New York Cotton Exchange finished the week slightly higher than the prior period. Trading was strengthened by expectations of a tight supply of cotton before the new crop reached the market. Cotton consumption for the four weeks ended Feb. 28 amounted to about 699,000 bales compared with 639,000 in the similar 1958 period, according to the United States Bureau of the Census.

Easter Shopping Boosts Retail Trade

A noticeable rise in Easter shopping in the week ended March 20 offset the effects of bad weather in many areas boosting total retail trade appreciably over a year ago. Consumers were more interested in apparel than in household goods, as is usual in those pre-Easter weeks. Gains over last year in women's apparel and food products offset declines in furniture and appliances. Sales of new passenger cars moved up moderately and volume remained well over a year ago, according to preliminary reports.

The total dollar volume of retail trade in the week ended Wednesday, March 18, was 3 to 7% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Pacific Coast +5 to +9; East North Central and South Atlantic +4 to +8; Middle Atlantic, West North Central, and West South Central +2 to +6; East South Central 0 to +4; Mountain —2 to +2; New England —5 to —1.

Apparel stores reported the most noticeable year-to-year gains in women's Spring dresses, suits, millinery, and accessories; volume in furs and sportswear was up moderately. Although interest in men's clothing advanced from the prior week, it remained close to a year ago; best-sellers were neckwear, dress shirts, and hats. There were substantial gains over both a week earlier and last year in the buying of children's merchandise, especially girls' dresses, blouses and skirts.

Although interest in upholstered chairs and bedroom sets was close to a year ago, total sales of furniture showed moderate declines. Purchases of major appliances slackened from the prior week and were down substantially from the similar 1958 period. While moderate year-to-year gains in volume in floor coverings were maintained, the call for linens and draperies was down somewhat. Slight increases from the prior week occurred in sales of garden supplies, paint, and hardware.

The buying of dairy products, fresh produce, and baked goods heightened this week holding total food sales appreciably over a year ago. The call for fresh meat, poultry, frozen foods, and canned goods was close to a week earlier.

Nationwide Department Store Sales Up 9%

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended March 14, advanced 9% above the like period last year. In the preceding week, for March 7, an increase of 5% was recorded. For the four weeks ended March 14 a gain of 11% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended March 14 showed a 8% decrease from that of the like period last year. In the preceding week, March 7, a decrease of 1% was reported and for the Feb. 21 week a 47% increase was recorded. For the four weeks ended March 14 an increase of 4% was noted over the volume in the corresponding period in 1958.

Halsey, Stuart Group Offers Ohio Edison Bonds at 101.155%

Halsey, Stuart & Co. Inc. is manager of an underwriting syndicate which is offering today (March 26) $30,000,000 of Ohio Edison Co. first mortgage bonds, 4½% series due March 1, 1989, at 101.155% and accrued interest, to yield 4.43%. Award of the bonds was won by the group at competitive sales yesterday (March 25) on a bid of 100.395%.

Net proceeds from the sale of the bonds will be used by the company for the expansion and improvement of its facilities, or the improvement of its service, the discharge of its obligations, or the reimbursement of its treasury for expenditures already made.

The new bonds will be redeemable at regular redemption prices ranging from 105.66% to par, and at special redemption prices receding from 101.155% to par, plus accrued interest in each case.

Ohio Edison Co. furnishes electric service in 594 communities, as well as in rural areas of Ohio, having an estimated population of about 1,665,000. It also sells electricity at wholesale to 20 municipalities, seven rural cooperatives and two other electric companies in Ohio, and supplies steam heat in the downtown business sections of Akron, Springfield and Youngstown. The company also owns all of the outstanding common stock of Pennsylvania Power Co., which furnishes electricity in 134 communities in Pennsylvania, having an estimated population of about 257,000.

For the year 1958, the company and its subsidiary had consolidated operating revenues of $137,650,000 and consolidated net income of $25,719,000.

Edwards & Hanly to Sponsor Canada Forum

HEMPSTEAD, N. Y.—Canada, "treasure house of the Western World," will be described by Sir Louis Beale at the Huntington office of Edwards & Hanly, members of the New York Stock Exchange, it was announced by the brokerage firm.

"Canada's rich mineral resources, expanding industries and unparalleled water power are becoming increasingly important in the world market," according to Edwards & Hanly. As part of its Community Service Program the investment firm has invited its own clients as well as the general public to hear the investment potential in Canada discussed by an economic authority.

Sir Louis Beale, K.C.M.G., C.B.E., Investment Consultant, formerly was British Government Trade Commissioner to Canada.

The Open-House will be held at the Edwards & Hanly office in Huntington, 417 New York Ave., on Wednesday, April 1, 8:30 p.m.

John Street Investors

Herman I. Krainman is engaging in a securities business from offices at 76 John Street, New York City, under the firm name of John Street Investors.

C. Manning Opens Office

ARDSLEY, N. Y.—Colette M. Manning is engaging in a securities business from offices at Hillcrest Avenue.

Robert Cohen Opens

BROOKLYN, N. Y.—Robert Cohen is conducting a securities business from offices at 1820 East 13th Street under the firm name of Mutual Investors Company.

Francis I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—James J. Bach and Kenneth M. Ball are now connected with Francis I. du Pont & Co., 317 Montgomery Street.

McMahon, Lichtenfeld Admits Two Into Firm

McMahon, Lichtenfeld & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on April 1 will admit Sidney Polay to general partnership and Denis J. McMahon to limited partnership in the firm.

Joins White & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Frank A. Zein has joined the staff of White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

Florida Investors Inc.

TAMPA, Fla. — Florida Investors, Inc. is engaging in a securities business from offices at 2702 Azeele Street. Officers are Chas. Fending, President; M. G. Gibbons, Secretary; and Lester Ryals, Treasurer.

With Wm. H. Tegtmeyer

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Sheldon Weinberg has been added to the staff of Wm. H. Tegtmeyer & Co., 39 South La Salle Street.

Joins Bankers Bond

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — Arvil L. short has been added to the staff of the Bankers Bond Co., Inc., Kentucky Home Life Building.

Now With Marshall Co.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Melvin H. Moehrle is now with The Marshall Company, 765 North Water Street. He was formerly with The Milwaukee Company and Merrill Lynch, Pierce, Fenner & Smith.

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When Can Congress Reduce Federal Taxes?

budget makes clear that citizens need not meekly accept every and each spending proposal as inevitable or even desirable. The objectives of this budget are clearly laid out: national security *with* a balanced budget fostering economic growth and sound dollar, and a hope of substantial tax reduction in the not-too-distant future.

Nowhere is this purpose more evident than in the President's blueprint to reduce spending next year and the year after. The new blueprint for long-range savings consists primarily of major recommendations designed to revise certain statutory programs to adapt them to present-day conditions. Briefly, these proposals include: First, expansion of state and local participation in a large number of programs, including urban renewal, flood control, school aid in federally affected areas, waste treatment, construction, vocational education, public assistance and disaster relief.

Second, the President proposes encouragement of more private financing through flexible interest rates in such credit programs as veterans' housing loans; rental, military and cooperative housing mortgages; rural electrification and telephone loans; college housing loans; and maritime mortgages.

Third, in the ambitious blueprint for future savings is revision of outmoded farm price support laws to reduce the burden on the Treasury and hasten needed adjustments in agricultural production.

Fourth, revision of veterans' laws to modernize the benefit program in the light of social developments and changes. This is particularly significant in view of new demands for widening veterans' pensions without regard to wartime injury, such as the costly proposal now in Congress to give *all* veterans of World War I a flat $100 a month when they reach the age of 60.

Finally, the President recommends appraisal of the system of subsidies for the American merchant marine and reduction in cost to the taxpayer for services to special groups, by increase of postal rates and adequate charges to beneficiaries of various other Federal services.

In his message, the President shows unusual concern over the need for reforms in existing fiscal procedures. The President mentions that a beginning is made in the fiscal 1960 budget toward a limitation upon accrued expenditures, as authorized last year in the law following a Hoover Commission recommendation. Such limitations are imposed in six appropriation accounts scattered among the Coast Guard, the General Services Administration, the Veterans' Administration and the Panama Canal Zone Government.

Even more important, and more controversial, is his recommendation that the President be given authority to veto or reduce items in appropriations bills and in bills authorizing expenditures outside the appropriation process. This "item veto," as it is called, has been proposed in the past by such great fiscal authorities as Senator Byrd. It is used currently in 37 states, where many governors have been able to eliminate extravagant or wasteful features of an important spending measure, without vetoing the bill as a whole.

Undoubtedly, the item veto should be a great economy weapon in the hands of any President. Its merits, however, do not appeal to Congress, which views the proposed as designed to shift powers from the legislature to the executive. Congress is extremely unlikely, this year at least, to give such power to the President.

The President's concern over better fiscal procedures is welcome. It has been clearly demonstrated over a period of years that Congress lacks annual control over spending. As long ago as 1951, the Tax Foundation pointed out that two-thirds of the then budget was beyond annual control of the regular appropriations processes of Congress. The situation is nearly as bad today. In dealing with a dozen separate appropriations measures, Congressmen are given little help in relating proposed spending to expected revenues.

Congressmen need a clear understanding of how Congressional action on money bills affects the national debt and ever-threatening inflation. Congress badly needs to adopt procedures to enable it to relate total expenditures to total revenues for the budget year; accompanied by the further provision that expenditures shall be kept within expected revenues or taxes proposed to make up the difference. With the Federal debt already at $285 billion, Congress has pretty well worn out the device of financing current expenditures out of I.O.U.'s, rather than out of taxes.

The proposed budget for 1960 is by no means an austerity budget. A precarious balance, indeed a $70 million surplus, has been achieved by moving a payment of $1.4 billion to the International Monetary Fund from 1960 into 1959; by the termination of various nonrecurring programs; and by an increase of $9 billion in estimated tax receipts. There are few reductions in expenditures for continuing programs. Thus, estimated Federal spending for grants to state and local governments, including grants from the highway trust fund, is set at $7.1 billion for fiscal 1960, $454 million above the estimate for the current year (1959) and $2 billion above expenditures for fiscal 1958. This is hardly austerity nor is it pinchpenny budgeting, as has been charged by the President's critics.

A Congress stimulated by a vigorous popular interest in economy can reduce Federal expenditures materially by carrying out promptly the President's blueprint for savings. The President recommends Congressional re-examination of existing programs generally deemed sacred and beyond attack. Thus, the agricultural program costs $6 billion a year. It has produced higher prices for consumers and steadily increasing surpluses of commodities for the Government to give away or to sell at a loss. Agricultural spending now amounts to more than $1,000 for every farm in the country. The program is not producing satisfactory results; is based on erroneous premises; is much too expensive; and should be drastically pruned.

Again, the very expensive veterans' programs, now costing about $5 billion per year, could be revised and modernized as the President has suggested, with substantial savings to the public. If the President's blueprint were carried through with the care and intelligence that a thrifty householder or housewife spends on his own affairs, budget expenditures could be brought down to a manageable $70 billion. The great advantage to the taxpaying public would then be that tax reduction would become possible in place of endless tax increases. Unless Congress can really get the budget under control in these good times, tax reduction is just a will of the wisp. We may continue to chase it, but we will never catch it.

II

When Can Federal Taxes Be Reduced?

Early reports of Congressional activity have not disclosed any plans for tax reduction that have achieved general acceptance. Indeed, the announced program of the Committee on Way and Means indicates that tax increases in several special situations will be considered; but that no general review of the income tax law is contemplated.

The vexing problem of the taxation of the income of cooperatives has been proposed for consideration by the Secretary of the Treasury. If his recommendations were adopted, cooperatives would be taxed a little more like other business corporations; and some additional tax revenue would come into the Treasury. But there will probably be a considerable political struggle before any such thing is done.

A subcommittee of the Committee on Ways and Means has held hearings on the taxation of life insurance companies. Since the legislation which has recently been in effect to tax the income of such companies has expired; and since no one seems satisfied with so-called permanent legislation on the subject, adopted in 1942, but not allowed to go into effect since 1948; it is likely that new taxing provisions will be proposed. Committee consideration of the legislation has proceeded on a cart-before-the-horse basis: that life insurance companies must pay a half billion dollars a year in income taxes, and that whatever form the tax legislation may take, it must produce that amount. The Committee premise is the more vulnerable in the light of evidence that life insurance savings are already more heavily taxed than other forms of savings.

The Corporate Income Tax

The corporate income tax, which now takes up to 52 cents of every dollar of a company's profit, is a serious obstacle to business growth. Our enterprise system has been built on the premise that corporations and their stockholders will invest—will "plow in"—more and more money, year after year, in the reasonable expectation that a plant, kept constantly up-to-date, will yield an adequate return on a steadily increasing investment. We have a history of discarding machines before they are worn out, as soon as more efficient machines come along, even though the new machines are more costly. Because the tax system has an enormous effect on business decisions, we should make sure that our tax provisions do not slow or halt technological progress—the very kind of progress that has made our economy so productive of wealth.

There have been many cases such as this in recent years: To improve the efficiency and productivity of a factory, the management needs to replace a certain machine. Twenty years ago, or even less, that machine cost $100,000, but the new and better model will cost $250,000. Now, the present tax laws allow the firm to recover the costs of the old equipment, but only those costs, and not the increased purchase price of a new machine or building. Thus, as plant and machinery wear out, a firm must raise new money just to stay in business. As the government already is getting more than half of the profits, the margin that can be reinvested is small, particularly if the stockholders are to receive any return at all on their investment.

Frustration of Savings and Investment

The same inability to save in order to invest in a new plant is true of the individual. Vice-President Nixon has recently reminded us that the personal income tax rates are "almost confiscatory" in the higher brackets. Taxpayers in the middle brackets and lower brackets feel that their tax rates are also too high. In either case, saving is very difficult, or impossible. Yet much of our economic growth has been based on the accumulated savings of individuals; on the ability of an individual to back a new idea or a new invention with his own money. He may win, or, more often, he may lose; but the sum of successful risk investments made by individuals has added up to sustained growth in our economy. Without such savings, continued steady advance becomes much more doubtful. This is one job that government cannot do for us half so well as we can do it for ourselves.

Many of us who would like to see taxes reformed and reduced as a means of insuring continued economic growth are nevertheless enrolled in the army of citizens who want to see the Federal budget balanced. Hence, in our view, the first step toward eventual tax reduction is the reduction of unnecessary expenditures. If we will stop demanding all sorts of new subsidies and programs and activities from Washington; if we will return to states and localities and even individuals the jobs which they can perfectly well perform for themselves; if we will resolutely cut current Federal expenditures to fit within current Federal revenues; then we can reasonably hope that the normal growth of the country will presently produce an excess of revenues; so that it will become possible to revise and reduce taxes, and perhaps even to pay off a little of the debt. I see very little hope of tax reform or tax reduction until expenditures are brought vigorously under control. We cannot ask the Federal Government to do all things for all men, and still tax us less than it is doing now.

That last word is not discouraging, indeed, it is a note of hope. Our Federal tax system needs to be reformed. Rates need to be reduced. We citizens can require the job to be done in the next few years, if we will simply resolve to ask no more, indeed if some of us will ask a little less, from the Federal Government. Then we can fairly ask our representatives in Washington to exercise the same sense and thrift in analyzing and adopting the national budget that the ordinary prudent man exercises on his own affairs.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

SAN LUIS OBISPO, Cal.—Robert E. Bolman is now with Walston & Co., Inc., Anderson Hotel. He was formerly with Reynolds & Co.

Two With Copley

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—George Blitz and Burton K. Elhart are now connected with Copley and Company, Independence Building.

Investment Service Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Gerald O. Essendrop and Theodore B. Gazarian have become connected with Investment Service Company, First National Bank Building.

New Shaskan Office

PORT JERVIS, N. Y.—Shaskan & Company has opened a branch office at 26 Front Street under the management of William A. Barry.

With Cruttenden, Podesta

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Ralph C. Lawrence has become affiliated with Cruttenden, Podesta & Co., Trust Building.

U. S. Servateria Stock Offered at $9½ a Share

Public offering of 275,000 shares of United States Servateria Corp. common stock ($1 par value) was made yesterday (March 25) by a group headed by Van Alstyne, Noel & Co. The stock is priced at $9.50 per share.

None of the proceeds from the sale of the shares will accrue to the company as the stock is already issued and outstanding and is being sold for the account of selling stockholders.

United States Servateria Corp. was incorporated in California in 1937 to acquire a business started in 1927 by the same management which directs the company today. Beginning in 1939 and until Jan. 22, 1959, the company operated under the name of United States Hardware & Paper Co. The company is a wholesale service distributor of non-food items primarily to food markets, and include housewares and hardwares, drugs, cosmetics and notions, toys and games, paper products and soft goods. It also sells to department stores, drug stores, hardware stores, variety stores, gift and novelty shops and manufacturers. It operates in southern California, Arizona and Nevada.

Capitalization of the company consist of 1,000,000 shares of common stock, of which 550,000 shares are outstanding. The company has no funded debt.

For the year ended June 28, 1958, the company had sales of $11,319,176 and net income of $349,798, equal to 64 cents a common share.

FXR Common Stock Offered at $12 a Share

C. E. Unterberg, Towbin Co., heads an underwriting group which is offering today (March 26) a total of 200,000 shares of FXR, Inc. common stock ($1 par value) at a price of $12 per share.

Of the 200,000 shares offered, 100,000 shares are being sold for the account of the company and 100,000 shares are being sold on behalf of selling stockholders.

FXR, Inc. is the successor to a partnership founded in 1944 and since 1954 has been a leading supplier of precision microwave test equipment, related types of electronic instrumentation, high power pulse modulators and custom-built components for radar and communication systems.

Stewart, Eubanks Office

BURLINGAME, Cal. — Stewart, Eubanks, Meyerson & Co. has opened a branch office at 1853 El Camino Real, under the management of Banjamin C. Chapman.

New Sutro Bros. Office

MIAMI BEACH, Fla. — Sutro Bros. & Co. have opened a branch office at 1359 Northeast 163rd Street under the direction of Peter Wolf.

Walston in Wichita

WICHITA, Kans. — Walston & Co., Inc. has opened a branch office in the Bitting Building under the direction of W. D. Fleming.

J. B. Joseph Admits

On April 1 Leonard W. Bauer will become a partner in J. Bernard Joseph & Co., 72 Wall Street, New York City, members of the New York Stock Exchange.

Sloan, Rodetsky Admits

JERSEY CITY, N. J. — Sloan, Rodetsky & Co., 26 Journal Square, members of the New York Stock Exchange, on March 26 will admit Andrew L. Wormser and Harry Indursky to limited partnership.

Continued from page 13

Brainwashing and Bankrupting Americans

that the funds demanded to defend the country against world communism would be utilized, in part, to promote "cultural exchange" with the Soviet Union.

Now, with the approval of the President, $3,200,000 of Mutual Security Funds have been "transferred" to finance the building of an American exhibit in Sokolniki Park in Moscow, scheduled to open July 4, 1959. After the exhibition has ended its six-week run, the Russians will get the building from Uncle Sam at a mere fraction of its construction cost.

7. New "Blank" Checks Demanded

Several years ago the President asked Congress for a $100,000,000 a year "blank" check for a period of 10 years for the purpose of making long-term "loans" to underdeveloped countries. The Congress, properly and promptly rejected this request.

Now, under the name of the Development Loan Fund the White House is insisting that it must have not $100,000,000 but approximately $700,000,000 per year for years to come and for the same long-term global bribery idea that Congress once rejected.

More and more it is realized that most of the so-called loans made by the Development Loan Fund will end up in thinly disguised grants in aid and that a large increase in the annual lending will result in further heavy long-term expenditures over which Congress will have little if any knowledge or control.

Recently, the President publicly stated that Foreign Aid is not popular with the American people as a political issue. He was never more correct. This explains, perhaps, why the subject of giving away our resources under the name of Mutual Security was not mentioned in the Presidential Campaigns of 1952 or 1956. And in the recent Congressional elections, Foreign Aid was carefully avoided by the candidates of both parties.

Actually, the White House demand for a greatly expanded Development Loan fund is largely a device to deceive the American taxpayers who are tired of giveaways, and to make it easier for the bureaucracy directing our foreign aid to commit funds for purposes and under terms and conditions that would normally provoke Congressional criticism. The majority of these soft loans are fraught with danger and the entire operation lacks candor.

Recently, the President appointed a Committee to study the Military Assistance program. Its preliminary report is scheduled for March 1, 1959, therefore, it can be assumed that, as in previous years, the report of this Committee will have no bearing on the size of the White House foreign aid demand for the new fiscal year. The Committee, headed by William H. Draper, Jr., is heralded as a group that will make a "top to bottom" review of the aid program. Unfortunately, like the Committees appointed during previous years, this latest "study group" offers little chance for relief for the American taxpayers. Its ten members are composed of seven civilians who held high ranking positions in the previous administration and who have always been front line apologists for Mutual Security. The remaining three are retired military figures whose record for supporting foreign aid to the hilt is well known. The unfairness, to the American people, of this Committee of "believers" can be summarized by stating that there is not one critic of foreign aid among the entire membership of this "hand picked" White House appointed group.

8. National Referendum Urged

In the face of our overwhelming Federal Deficits the time has come to end these annual promotions for bigger giveaway programs. The time has come to demand a National Referendum so that the American people can decide for themselves whether or not they wish to continue spending their country into bankruptcy in the support of a giveaway program that, according to Senator Harry Byrd of Virginia, now approximates $80 billion. It is imperative that the American people be given the opportunity to express their will in this matter. Obviously there never will be any Mutual Security for Americans.

9. Khrushchev's Nightmare

Khrushchev's constant worry is the 90,000,000 people in the satellite slave states behind the Iron Curtain. The rulers in the Kremlin know that if they incite a war, this vast population, enslaved and deprived of liberties they once enjoyed, will fight to regain their freedom.

For years our political leaders, President Eisenhower, Secretary Dulles and others, have publicly proclaimed our determination to bring freedom again to the satellite people. For years we have been spending hundreds of millions of dollars to propagandize these enslaved masses with provocative nonsense and the false promises of our highest government officials. Despite this miserable record, many millions of these helpless people did not abandon hope. Budapest was a tragic example.

Now, through the infamous U.S.-Soviet cultural exchange pact, our government has officially notified the entire world that we have abandoned and disowned millions of people who, for more than a decade, have had faith in us. This was Khrushchev's greatest victory in 1958, but a great disgrace for the American people. For when U. S. Under Secretary of State, William S. B. Lacey, signed this dishonest agreement with the agents of Moscow on Jan. 27, 1958, we forfeited the faith and friendship of 90,000,000 people. We stabbed them in the back and, at the same time, aided those whose avowed aim is to brainwash, bankrupt and destroy us.

That is the reason why Khrushchev is so happy about the cultural exchange agreement. Never since Chamberlain took his umbrella to capitulate to Hitler have a free people been so disgraced and humiliated. It is to be hoped that the women of America, led by the Daughters of the American Revolution, will demand that this infamous agreement be scrapped and terminated at once — the agreement, negotiated by the Red appeasement cell within our own State Department, which makes free America a partner with the Kremlin and its determination first to "soften up" and then conquer America.

Roosevelt was condemned for his attempt to pack the Supreme Court. Truman was condemned for tolerating "Red Herrings." But the red herrings of yesteryear have grown to a sea of Red Whales under the present misguided occupant of the White House.

Every foreign President and every potentate visiting Washington, D. C., has come here for the sole purpose of gaining prestige at home. Also, usually, to pick up a fat giveaway check at the White House.

10. Prominent Americans Promote Kremlin

Now we are reversing the tables; too many of our ambitious politicians are going to Moscow to obtain headlines for themselves in the world press and especially in the United States.

Adlai Stevenson's original excuse for his expedition to the Soviet Union was to collect unpaid royalties from the Russians for literary works of American authors. The Soviets would not listen, much less discuss this. Instead Khrushchev utilized Adlai for a Red stage-managed tour of his slave empire. The tour occurred while 100,000 Soviet citizens stormed our Embassy in Moscow to protest the presence of our armed forces in Lebanon. At the same time that Adlai was bowing and smiling throughout Red Russia, our diplomatic staff was forced to barricade itself within our Embassy while the Kremlin manipulated mob smashed 287 windows.

Khrushchev got full mileage out of Adlai by utilizing him for Kremlin propaganda. Stevenson collected tens of thousands of dollars for himself for his friendly and foolish "newspaper sermons" syndicated world wide. Also, national magazine articles illustrated with pictures taken by Stevenson's son, a young college boy, who received $10,000 for his pictures and more thousands for a nationally syndicated Sunday magazine article. Millions of Europeans have concluded that American politicians do not even have to be elected to participate in the literary gravy bowl that degrades us both overseas and at home.

More recently, Senator Hubert Humphrey obliged Khrushchev with an eight hour long opportunity to propagandize Godless Russia to the world. Politician Humphrey's great "secret" was that he, like Adlai Stevenson, launched his bid for the Presidency of the United States from the office of the man in the Kremlin whose avowed aim is to destroy us. Others who recently have aided Khrushchev in Moscow are Eleanor Roosevelt, Cyrus Eaton and Eric Johnston. All of these "bleeding liberals" and Soviet appeasers may or may not realize that they have become front-line press agents for the Red slave masters, and poor exponents for the America that gave them liberty, freedom and prominence.

If this "get cozy with Khrushchev" deception continues, we should close our Embassy in Moscow. Our diplomatic staff there has been rendered all but useless. Stevenson, Mrs. Roosevelt, Humphrey, Eaton and Eric Johnston went to the Kremlin without arranging their meetings through our Ambassador in Moscow. Our Embassy there did not know that Stevenson and Humphrey were meeting with Khrushchev until they read about it in Pravda.

Soon we may expect Vice President Nixon, Senator Kennedy, Ex Gov. Harriman and Governor Nelson Rockefeller to seek political promotion for themselves by making a pilgrimage to Khrushchev in Moscow. We can expect this unless the women of America demand patriotism ahead of politics and put a stop to these self-serving practices.

If we are to survive we need spartan economy throughout our Federal Government now. We can no longer afford to accept the false promises of politicians and I am being completely non-partisan when I say this.

Two years ago the American people were dumbfounded when the White House submitted a $70 billion budget. Congress was bombarded with a hurricane of protests from every section of the country. Our citizens spoke and only the Red Sputnik stopped Congressional action. Now, the need for action is more urgent than ever before.

11. Eight Points for Americans

Here are eight steps that the patriotic women of America should demand that the new Congress take immediately:

(1) Under no circumstances should the Federal Budget for 1960 which begins next July 1 exceed $65,000,000,000. Even this huge amount will make no provision for the reduction of our crushing Federal Debt.

(2) All new plans and projects that start in the millions and end in the billions should be stopped.

All supplementary appropriations should be vetoed by Congress.

We can no longer afford these unpublicized "back door" methods of milking the American taxpayer. Our Federal Government, like the individual and the family, must now live within its prescribed budget.

(3) No new funds should be appropriated for Mutual Security for fiscal 1960. The five or six billions of dollars presently in the foreign aid "pipeline" should immediately be reallocated to cover essential and minimum foreign aid requirements for the coming fiscal year. The International Cooperation Administration, dispensers of foreign aid, has grown from 571 employees to neary 12,000 global paymasters. This giveaway bureaucracy should be drastically reduced.

Foreign aid has become both the symbol and the incentive for waste, extravagance, corruption and red ink throughout every department of our Federal establishment. By withholding the appropriation of any new money it will be possible, for the first time, to correctly and honestly conduct a world wide audit of both our economic and military foreign aid ventures. Moreover, the taxpayers would gain approximately $5 billion during the next fiscal year when this saving will be sorely needed to preserve our solvency.

(4) A bankrupt America can never hope to win the cold war at home or abroad. Our solvency is our only hope for the preservation of our freedom both here and throughout the free world.

Today, there is great waste, duplication and extravagance throughout our entire military establishment. We cannot survive unless we obtain a full dollar's worth for every dollar spent for our defense. This we are not getting today. For example—and this is only one example, our government presently owns and maintains fifty-nine unused industrial plants that produce nothing. These plants cost more than a billion and one-half dollars. We are paying more than $31,000,000 annually to keep them idle and unproductive. These plants should be sold immediately and the proceeds applied to the reduction of the current cost for our defense.

(5) Presently there are approximately 1,500,000 people employed in our outrageously excessive and ineffective bureaucracy overseas. Savings of billions can be effected by promptly and drastically reducing this vast army of government payrollers round the world.

(6) Under Secretary of State for Economic Affairs, C. Douglas Dillon, is presently the chief White House spokesman and promoter for bigger foreign giveaways in perpetuity. Mr. Dillon is worried not at all about our current deficit of $12 billion. He intends too milk the American taxpayers and to bludgeon the Congress for a permanent fund of approximately $700,000,000 annually to toss away in loans to untried governments and unreliable "neutralists." Loans that will never be repaid. Loans that no private banker would dare to propose. Equally important, Mr. Dillon's scheme would further weaken our already tottering economy. Only foreign politicians and not their underprivileged peoples would be benefited. Public opinion should prevail upon Congress to flatly and permanently reject Mr. Dillon's scheme. Also, his current demand for $250,000,000 in the form of a supplementary appropriation should be rejected together with all other supplementary appropriations.

(7) The power to control the pursestrings of the Nation should be immediately restored to the Congress of the United States where it rightfully and legally belongs. In no other way can we safeguard ourselves against the twin dangers of further inflation and dictatorship.

(8) To further safeguard both our liberties and our solvency it is more necessary than ever before that we stop White House inspired "brainwashing" of Americans at home and foreigners abroad.

Presently, this is being carried on, world-wide, on a scale never before attempted during the entire history of our Republic.

The infamous "Cultural Exchange" pact between the United States and the Soviet Union should be scrapped. It helps the Soviet Union and hurts the United States. It has resulted in making our over-staffed and over-budgeted U. S. Information Agency with its 11,000 taxpayer supported political press agents, a giant transmission belt for the importation into the United States of every form of "Made in Moscow" propaganda designed to "soften up" America, and on a scale never before dreamed of. More than $60,000,000 annually can be saved by drastically reducing this White House controlled "puppet" for press agentry that hurts and debases our good name both at home and abroad.

Our free press, wire services, motion pictures and publications must ge kept free from growing government intrusion, otherwise our vast resources for telling the true story of America to all peoples everywhere will be permanently lost.

If this happens our greatest heritage and safeguard for the maintenance of our self-respect and freedom both at home and abroad will cease to exist. Politicians and their manipulated stooges will take over exactly as they have in the slave states today.

Presently, we are following the suicidal course predicted for us by Lenin and his successors. There is no other single course we can follow that is so positive and comprehensive in its help to Communists and their plans to conquer us. This course leads straight towards national bankruptcy; towards more rapid and ultimate repudiation of our money; towards weakening and thinning out the once powerful and productive American "middle group" whose energy, purchasing power and sacrifices made our country the envy of all peoples everywhere; towards the breakdown of our constitutional processes and the compulsory extension of the powers and paternalism of the over-staffed and over-budgeted political bureaucracy in Washington that rules our country today under the deceptive banner of "liberalism" — false liberalism which advocates giving away our diminishing resources and destroying ourselves from within.

Only an immediate nation-wide crusade led, and vigorously maintained, by millions of patriotic and unselfish American women, can restore our integrity, sanity and solvency before it is too late.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Advanced Research Associates, Inc.
Dec. 1 filed 400,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—For research and development program; and for equipment and working capital. **Office** — 4130 Howard Ave., Kensington, Md. **Underwriters** — Wesley Zaugg & Co., Kensington, Md., and Williams, Widmayer Inc., Washington, D. C.

★ **Agricultural Insurance Co.**
March 23 filed 132,000 shares of capital stock (par $10), to be offered in exchange for stock of Anchor Casualty Co. at the rate of one Agricultural share for each Anchor common share (par $10) and 1 1/10 Agricultural shares for each share of Anchor $1.75 cumulative convertible preferred stock (par $10). **Office** — 215 Washington Street, Watertown, N. Y.

Aida Industries, Inc.
March 16 (letter of notification) 50,000 shares of cumulative preferred stock (par 75 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes and working capital. **Business** — Manufacture, sale and distribution of novelty items, toys and costume jewelry. **Office** — 146 West 28th St., New York, N. Y. **Underwriter** — Darius Inc., New York.

Alaska Juneau Gold Mining Co.
Dec. 29 filed 640,660 outstanding shares of common stock, of which 300,000 shares are to be offered currently and the remaining 340,660 shares in the future. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—6327 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif. No public offering expected.

Alaska Mines & Metals Inc.
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter**—To be named by amendment.

★ **Alcar Instruments, Inc.**
March 19 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For repayment of bank note; purchase of materials for inventory and capital equipment; for general corporate purposes. **Office** — 17 Industrial Ave., Little Ferry, N. J. **Underwriter**—None.

Alco Oil & Chemical Corp. (4/2)
March 5 filed 500,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Trenton Avenue and William Street, Philadelphia, Pa. **Underwriter**—Chace, Whiteside & Winslow, Inc., Boston, Mass.; and Ball, Burge & Kraus, Cleveland, Ohio.

Allied Publishers, Inc., Portland, Ore.
Nov. 28 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—665 S. Ankeny St. Portland 14, Ore. **Underwriter**—First Pacific Investment Corp., Portland, Ore.

American Asiatic Oil Corp.
Nov. 24 filed 100,000,000 shares of capital stock. **Price**—Two cents per share. **Proceeds**—To selling stockholders. **Office**—Magsaysay Building, San Luis, Ermita, Manila, Republic of Philippines. **Underwriter** — Gaberman & Hagedorn, Inc., Manila, Republic of Philippines.

American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American Growth Fund, Inc., Denver, Colo.
Nov. 17 filed 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment **Office**—800 Security Building, Denver, Colo. **Underwriter**—American Growth Fund Sponsors, Inc., 800 Security Bldg., Denver 2, Colo

American Investors Syndicate, Inc.
Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For operation of an apartment hotel. **Office** —513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, Louisiana.

American Mutual Investment Co., Inc.
Dec. 17, 1957, filed 490,000 shares of capital stock. **Price** —$10.20 per share. **Proceeds** — For investment in first trust notes, second trust notes and construction loans. Company may develop shopping menters and build or purchase office buildings. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

★ **Amican Petroleum & Natural Gas Corp. Ltd.**
March 23 filed 745,000 shares of stock, of which 500,000 shares are to be sold for the account of the company, and 245,000 shares by the holders thereof. **Price**—30 cents per share. **Proceeds**—For exploration and development program. **Office** — 2100 Scarth Street, Regina, Saskatchewan, Canada. **Underwriter**—Cumberland Securities, Ltd.

American Telemail Service, Inc.
Feb. 17, 1958, filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York. **Change in Name**—Formerly United States Telemail Service, Inc.

American Vitrified Products Co.
March 3 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one share for each 20 shares held. **Price**—$30 per share. **Proceeds**—To reduce short-term bank borrowing and for working capital. **Office**—c/o Edgar L. Miller, President, 20725 Shaker Blvd., Shaker Heights, Ohio. **Underwriters**—E. R. Davenport & Co., Providence, R. I. and Merrill, Turben & Co., Inc., Cleveland, Ohio.

● **AMP Inc. (4/1)**
March 9 filed 114,400 shares of endorsed common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Kidder, Peabody & Co., and Blyth & Co., Inc., New York.

Ampex Corp. (4/3)
March 12 filed 204,191 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held on April 2; rights to expire on April 17. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and Irving Lundborg & Co., San Francisco, Calif.

Armco Steel Corp. (4/1)
March 11 filed $75,000,000 of 25-year sinking fund debentures due 1984. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion program. **Underwriter**—Smith, Barney & Co., New York.

Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Hepburn T. Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lenchner, Inc., Pittsburgh, Pa.

Associated Bowling Centers, Inc.
Nov. 24 filed 300,000 shares of 20-cent cumulative convertible preferred stock (par one cent) and 50,000 outstanding shares of common stock (par one cent). The preferred shares are to be offered for public sale for the account of the company and the common shares will be offered for the account of a selling stockholder. **Price** —To be supplied by amendment. **Proceeds**—To acquire new bowling centers and increase working capital (part to be used in defraying cost of acquisition of stock of owner of a Brooklyn (N.Y.) bowling center. **Office**—135 Front St., N. Y. **Underwriter** — To be named by amendment. **Offering**—Expected in two weeks.

Atlas Investment Co.
Feb. 3 filed 50,000 shares of common voting stock (par $10). **Price** — $25 per share. **Proceeds** — To purchase additional contribution certificates of Great Basin Insurance Co. **Office**—704 Virginia Street, Reno, Nev. **Underwriter**—None.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office**—1301 Avenue L, Cisco, Tex. **Underwriter**—None. Robert Kamon is President.

Automatic Canteen Co. of America
March 2 filed 292,426 shares of common stock, of which, the company proposes to issue 126,072 shares to A.M.I. Inc. for the latter's property and assets, and the remaining 166,354 shares are to be issued upon the exercise of stock options. **Underwriter**—None.

Bankers Fidelity Life Insurance Co.
Feb. 28, 1958, filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office**—Atlanta, Ga. **Underwriter**—None

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notiifcation) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

● **Bargain City, U. S. A., Inc.**
Dec. 29 filed 5,000,000 shares of class A common stock (no par), later reduced to 500,000 shares. **Price**—$9 per share. **Proceeds**—For expansion and acquisition or leasing of new sites. **Office**—2210 Walnut Street, Philadelphia, Pa. **Underwriter**—May be Bear, Stearns & Co., New York.

★ **Barnes Engineering Co. (4/10)**
March 20 filed 110,000 shares of common stock, of which 85,000 shares are to be offered for public sale by Fox, Wells & Rodgers, the holder thereof; and the remaining 25,000 shares for the account of the Barnes company. **Price**—To be supplied by amendment. **Proceeds**—$104,995 to prepay a 4% note due in December; $100,000 to pay the remaining tax liability of a former subsidiary; and the balance will be added to working capital and used for general corporate purposes, including approximately $100,000 for plant and test equipment, fixtures and leasehold improvements in connection with plant expansion. **Office**—30 Commerce Rd., Stamford, Conn. **Underwriter**—Hayden, Stone & Co., New York.

Basic Atomics Inc.
March 5 filed 444,246 shares of common stock (par 10 cents). **Price**—At prevailing market price, in the Over-the-Counter Market. **Proceeds**—To selling stockholders. **Underwriter**—None.

★ **Ben Hur Gold, Inc.**
March 12 (letter of notification) 200,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** —For mining expenses. **Address**—Box 2853, Boise, Ida. **Underwriter**—None.

Black Hills Power & Light Co. (4/3)
March 13 filed 32,198 shares of common stock (par $1), to be offered for subscription by holders of outstanding common stock on the basis of one new share for each 11shares held on or about April 2, 1959; rights to expire on or about April 16. **Price**—To be supplied by amendment. **Proceeds**—To be used for property additions and improvements and to repay some $400,000 of bank loans obtained primarily for such purpose. **Office**—621 Sixth St., Rapid City, S. Dak. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ **Black Sheep Club of Scottsdale, Inc.**
March 16 (letter of notification) $150,000 of 6% debentures due 1969 and 500 shares of common stock (par $100) to be offered in units of one share of common stock and $300 of debentures. **Price** — $400 per unit. **Proceeds**—To purchase inventory, furniture and equipment to operate a private club. **Office**—4800 N. Central Avenue, Phoenix, Ariz. **Underwriter**—None.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box 506, Bridgehampton, L. I., N. Y. **Underwriter** — None. **Offering**—Has been delayed.

Brockton Edison Co. (4/22)
March 6 filed 40,000 shares of preferred stock (par $50). **Proceeds**—To reduce short-term bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Wood, Struthers & Co. (jointly); Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 22 at 49 Federal St., Boston, Mass.

Brookridge Development Corp.
Dec. 19 (letter of notification) $200,000 of 6% 15-year convertible debentures. **Price**—At par ($500 per unit). **Proceeds**—For expansion and working capital. **Office**—901 Seneca Ave., Brooklyn 27, N. Y. **Underwriter** — Sano & Co., 15 William St., New York, N. Y.

★ **Bureau of National Affairs, Inc.**
March 9 (letter of notification) 2,000 shares of class A common stock (no par) to be offered to employees. **Price** — $9 per share. **Proceeds** — For working capital. **Office**—1231-24th Street, N. W., Washington 7, D. C. **Underwriter**—None.

Butler Brothers, Chicago, Ill.
Feb. 17 filed 30,000 shares of common stock being offered to certain Ben Franklin Franchise Holders. Company provides services and merchandise to Ben Franklin Stores. The offer expires on April 2, 1959. **Price**—$36.58 per share. **Proceeds**—For working capital. **Underwriters**—None. Statement effective March 5.

California Electric Power Co. (3/31)
Feb. 27 filed 300,000 shares of common stock (par $1). **Proceeds** — To reduce bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; The First Boston Corp., Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); White, Weld & Co.; and Kidder, Peabody & Co. **Bids**—To be received up to 9 a.m. (PST) on March 31 at office of O'Melveny & Myers, 433 So. Spring St., Los Angeles 13, Calif.

● **California Financial Corp.**
Feb. 27 filed 100,000 shares of capital stock (par $1). **Price**—About $14 per share. **Proceeds**—To selling stockholders. **Office**—San Jose, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif. **Offering**—Now being made.

Carlon Products Corp., Aurora, Ohio (4/1-3)
March 12 filed 100,000 shares of common stock (no par).

Price—To be supplied by amendment. **Proceeds**—For additional working capital and other corporate purposes. **Business**—Manufacturer of plastic pipe and pipe fittings. **Underwriter**—Shearson, Hammill & Co., New York.

★ Cedco Electronics, Inc.
March 10 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general funds of the company. **Office**—3414 West Lake Road, Erie, Pa. **Underwriter**—None.

● C-E-I-R, Inc. (3/30-4/3)
Feb. 27 (letter of notification) 34,750 shares of class A common stock (par $1), of which 8,000 shares will be reserved for employees. **Price**—$6.50 per share. **Proceeds**—For working capital. **Office**—734 Fifteenth St., N. W., Washington, D. C. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Cemex of Arizona, Inc.
Nov. 17 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Address**—P. O. Box 1849, 3720 E 32nd Street, Yuma. Ariz. **Underwriter**—L. A. Huey Co., Denver, Colo.

★ Central Louisiana Electric Co., Inc. (4/20)
March 20 filed $5,000,000 of first mortgage bonds, series I, due 1989. **Proceeds**—To repay $1,000,000 of bank loans and to finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Smith, Inc., and Stroud & Co. (jointly); Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received on April 20.

Central Power & Light Co. (4/14)
March 16 filed $11,000,000 of first mortgage bonds, series I, due April 1, 1989. **Proceeds**—To finance part of company's construction costs and to prepay and discharge all bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers and Glore Forgan & Co. (jointly); Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., A. C. Allyn & Co., Inc., and Bear, Stearns & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on April 14.

Cerro de Pasco Corp.
March 4 filed $8,040,200 of 5½% subordinated debentures due 1979 (convertible until Dec. 31, 1968) and 61,522 shares of common stock to be issued to stockholders of Consolidated Coppermines Corp., which is to be dissolved and liquidated. **Underwriter**—None.

★ Chattanooga Industrial Development Corp.
March 25 filed 37,500 shares of common stock. **Price**—$20 per share. **Proceeds**—For purchase and development of industrial properties and for working capital. **Office**—Chattanooga, Tenn. **Underwriter**—None.

● Chesapeake Life Insurance Co. (3/30-4/2)
Feb. 26 (letter of notification) 8,500 shares of class B non-voting capital stock (par $10). **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Office**—611 St. Paul St., Baltimore 2, Md. **Underwriter**—White, Weld & Co., Baltimore, Md., and New York, N. Y.

City Lands, Inc., New York
Jan. 13 filed 100,000 shares of capital stock. **Price**—$20 per share. **Proceeds**—To invest in real estate. **Office**—Room 3748, 120 Broadway, New York, N. Y. **Underwriter**—Model, Roland & Stone, New York. **Offering**—Postponed indefinitely.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price** — $205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Columbia Gas System, Inc. (4/1)
March 5 filed 1,799,057 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each 15 shares held on April 1, 1959; rights to expire on April 20. **Price**—To be named on March 31. **Proceeds**—To finance System construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co., Shields & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on April 1 at 120 East 41st St., New York 17, N. Y.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To

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NEW ISSUE CALENDAR

March 26 (Thursday)

Texas & Pacific Ry.______Equip. Trust Ctfs.
(Bids noon CST) $3,000,000

March 27 (Friday)

Gray Drug Stores, Inc.______Debentures
(Offering to stockholders—underwritten by Merrill, Turben & Co., Inc.) $2,313,500

March 30 (Monday)

C-E-I-R, Inc., Washington, D. C.______Common
(Alex. Brown & Sons) $173,875

Chesapeake Life Insurance Co.______Common
(White, Weld & Co.) $297,500

Cormac Chemical Corp.______Common
(Offering to stockholders—underwritten by Ross, Lyon & Co., Inc.) $217,334

Ford Motor Co.______Common
(Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Kuhn, Loeb & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and White, Weld & Co.) 2,000,000 shares

Gold Seal Products Corp.______Preferred
(S. D. Fuller & Co.) $1,250,000

Hoffman Motors Corp.______Common
(Van Alstyne, Noel & Co.) $2,500,000

McQuay, Inc.______Common
(Loewi & Co.) 50,000 shares

Ohio Power Co.______Bonds
(Bids 11 a.m. EST) $25,000,000

Public Service Co. of New Mexico______Preferred
(Allen & Co., Lehman Brothers, Bear Stearns & Co., E. F. Hutton & Co. and Salomon Bros. & Hutzler) $5,600,000

Scranton-Spring Brook Water Service Co.__Debens.
(Offering to stockholders—underwritten by Allen & Co. $8,000,000

Thorncliffe Park Ltd.______Debentures & Common
(Bache & Co.) 4,000 units

March 31 (Tuesday)

California Electric Power Co.______Common
(Bids 9 a.m. PST) 300,000 shares

Monongahela Power Co.______Bonds
(Bids 11 a.m. EST) $16,000,000

April 1 (Wednesday)

AMP, Inc.______Common
(Kidder, Peabody & Co. and Blyth & Co., Inc.) 114,400 shares

Armco Steel Corp.______Debentures
(Smith, Barney & Co.) $75,000,000

Carlon Products Corp.______Common
(Shearson, Hammill & Co.) 100,000 shares

Columbia Gas System, Inc.______Common
(Offering to stockholders—bids 11 a.m. EST) 1,799,057 shares

Graham-Paige Corp.______Preferred
(Bache & Co.) $3,500,000

Hudson Bay Mining & Smelting Co., Ltd.__Common
(White, Weld & Co.) 75,000 shares

Lock Joint Pipe Co.______Common
(Kidder, Peabody & Co.) 166,716 shares

Patterson (M. F.) Dental Supply Co. of Delaware______Common
(Stone & Webster Securities Corp.) 200,000 shares

Ritter Finance Co.______Preferred
(Stroud & Co., Inc.) $1,500,000

Ritter Finance Co.______Common B
(Stroud & Co., Inc.) 25,000 shares

Southern Pacific Co.______Equip. Trust Ctfs.
(Bids noon EST) $7,620,000

April 2 (Thursday)

Alco Oil & Chemical Corp.______Common
(Chace, Whiteside & Winslow, Inc. and Ball, Burge & Kraus) 500,000 shares

Eurofund, Inc.______Common
(Glore, Forgan & Co.) $50,000,000

Gulf Power Co.______Bonds
(Bids 11 a.m. EST) $7,000,000

Norfolk & Western Ry.______Equip. Trust Ctfs.
(Bids noon EST) $7,350,000

April 3 (Friday)

Ampex Corp.______Common
(Offering to stockholders—underwritten by Blyth & Co., Inc., and Irving Lundborg & Co.) 204,191 shares

Black Hills Power & Light Co.______Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc.) 32,198 shares

Western Massachusetts Companies______Common
(Offering to stockholders—underwritten by The First Boston Corp. and White, Weld & Co.) 177,626 shares

April 6 (Monday)

Dalton Finance Inc.______Debentures
(Paul C. Kimball & Co.) $500,000

Fed-Mart Corp.______Common
(Eastman Dillon, Union Securities & Co.) $1,877,700

Glickman Corp.______Common
(Bache & Co.) $33,577,000

Harzfeld's Inc.______Common
(Stern Brothers & Co.) 46,200 shares

Pacific Hawaiian Products Co.______Common
(Dempsey-Tegeler & Co. and Morgan & Co.) 213,000 shares

Texfel Petroleum Corp.______Common
(Bache & Co. and Allen & Co.) 550,000 shares

April 7 (Tuesday)

Mergenthaler Linotype Co.______Common
(Offering to stockholders—no underwriting) 116,541 shares

Pittsburgh & Lake Erie RR.______Equip. Tr. Ctfs.
(Bids to be invited) $2,475,000

Tennessee Gas Transmission Co.______Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) $44,000,000

April 8 (Wednesday)

Grant (W. T.) Co.______Comomn
(Lehman Brothers) 320,000 shares

Hawaiian Electric Co., Ltd.______Bonds
(Dillon, Read & Co., Inc. and Dean Witter & Co.) $10,000,000

April 9 (Thursday)

Natural Gas Pipeline Co. of America______Bonds
(Dillon, Read & Co., Inc. and Halsey, Stuart & Co., Inc.) $20,000,000

April 10 (Friday)

Barnes Engineering Co.______Common
(Hayden, Stone & Co.) 110,000 shares

Erdman, Smock, Hosley & Read, Inc.______Common
(Simmons & Co.) $300,000

Southern Union Gas Co.______Preferred
(Offering to stockholders—underwritten by Snow, Sweeney & Co., Inc. and A. C. Allyn & Co.) $11,068,275

April 13 (Monday)

Dorsey Corp.______Preferred
(Blair & Co., Inc.) $1,250,000

Dorsey Corp.______Common
(Blair & Co., Inc.) 150,000 shares

SIMCA Societe Anonyme, of France______Common
(Offering to stockholders—not being underwritten) $10,120,000

April 14 (Tuesday)

Central Power & Light Co.______Bonds
(Bids 11 a.m. EST) $11,000,000

Louisiana Power & Light Co.______Preferred
(Bids to be invited) $7,500,000

April 15 (Wednesday)

Little (J. J.) & Ives Co.______Common
(Shields & Co.) $875,000

Wisconsin Power & Light Co.______Bonds
(Bids 11:30 a.m. EST) $14,000,000

April 20 (Monday)

Central Louisiana Electric Co., Inc.______Bonds
(Bids to be invited) $5,000,000

General Telephone & Electronics Corp.___Common
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) 800,000 shares

April 21 (Tuesday)

Diamond State Telephone Co.______Debentures
(Bids to be invited) $5,000,000

Frito Co.______Common
(White, Weld & Co. and Dittmar & Co.) 200,000 shares

Greater All American Markets, Inc.______Common
(J. Barth & Co.) 300,000 shares

April 22 (Wednesday)

Brockton Edison Co.______Preferred
(Bids 11 a.m. EST) $2,000,000

April 24 (Friday)

Maine Public Service Co.______Common
(Merrill Lynch, Pierce, Fenner & Smith and A. G. Becker & Co.) 50,000 shares

April 27 (Monday)

Washington Gas Light Co.______Preferred
(Offering to stockholders—underwritten by The First Boston Corp. and Johnston, Lemon & Co.) $10,000,000

April 28 (Tuesday)

Public Service Co. of Colorado______Bonds
(Bids 11 a.m. EDT) $20,000,000

Southern Nevada Power Co.______Preferred
(May be Hornblower & Weeks; William R. Staats & Co. and First California Co.) $1,500,000

April 30 (Thursday)

Alabama Power Co.______Bonds
(Bids to be invited) $20,000,000

May 1 (Friday)

Arkansas Western Gas Co.______Debentures
(Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc.) $1,000,000

May 12 (Tuesday)

El Paso Electric Co.______Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 76,494 shares

Southern Nevada Power Co.______Bonds
(Bids 9 a.m. PST) $5,500,000

Southwestern Electric Power Co.______Bonds
(Bids 11:30 a.m. EDT) $16,000,000

May 13 (Wednesday)

Idaho Power Co.______Bonds
(Bids 11 a.m. EDT) $15,000,000

May 19 (Tuesday)

El Paso Electric Co.______Bonds
(Bids 11 a.m. EDT) $3,500,000

El Paso Electric Co.______Preferred
(Bids 11 a.m. EDT) $2,000,000

May 21 (Thursday)

Consolidated Natural Gas Co.______Common
(Offering to stockholders—no underwriting) 821,256 shares

May 25 (Monday)

West Penn Power Co.______Bonds
(Bids noon EST) $14,000,000

May 26 (Tuesday)

Consolidated Edison Co. of New York, Inc.__Bonds
(Bids 11 a.m. EDT) $50,000,000 to $60,000,000

May 28 (Thursday)

Southern Electric Generating Co.______Bonds
(Bids to be invited) $25,000,000

June 2 (Tuesday)

Public Service Electric & Gas Co.______Debentures
(Bids to be invited) $30,000,000 to $40,000,000

Virginia Electric & Power Co.______Common
(Bids to be received) $20,000,000 to $25,000,000

June 25 (Thursday)

Mississippi Power Co.______Bonds
(Bids to be invited) $5,000,000

September 10 (Thursday)

Georgia Power Co.______Bonds
(Bids to be invited) $18,000,000

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construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co. Salt Lake City, Utah.

● **Cormac Chemical Corp. (3/30-4/3)**
Jan. 22 filed 108,667 units of 108,667 shares of common stock (par one cent) and 108,667 common stock purchase warrants, each unit consisting of one common share and one warrant, to be offered for subscription by holders of the common stock of Cormac Photocopy Corp. at the rate of one such unit for every six shares of Cormac Photography common held. **Price**—$2 per unit. **Proceeds**—To finance the company's development and marketing program. **Office**—80 Fifth Avenue, New York N. Y. **Underwriter**—Ross, Lyon & Co. Inc., New York.

★ **Dairy Management, Inc.**
March 16 (letter of notification) 5,950 shares of voting common stock (par $10) and 5,950 shares of preferred stock (par $40). **Price**—Both issues at par. **Proceeds**—To purchase land and for construction and working capital. **Office**—3853 Peach Street, Erie, Pa. **Underwriter**—None.

Dalton Finance, Inc. (4/6-10)
March 9 filed $500,000 of 7% subordinated debentures, due Jan. 2, 1974, with attached warrants for the purchase of 100,000 shares of class A common stock. **Price**—At face amount (in units of $500 each). **Proceeds**—To finance making of additional loans and to reduce short-term debt. **Office**—3800-34th St., Mt. Rainier, Md. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill., on a best efforts basis.

★ **D. C. Transit System, Inc. (Del.), Washington, D. C.**
Mar. 23 filed 350,000 outstanding shares of class A common stock. Trans Caribbean Airways, Inc., which owns all of this stock, proposes to give the holders of its outstanding class A stock, and holders of its outstanding 5½% convertible subordinated debentures, transferable warrants, which evidence the right to purchase shares of the class A stock on the basis of one share of class A stock for each three shares of the class A stock of Trans Caribbean which such holders either hold as stockholders or to which they are entitled upon conversion of their debentures (with an oversubscription privilege). Employees of Trans Caribbean and its subsidiaries will have the right to purchase up to 100,000 of the said 350,000 shares. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter**—None.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa. **Underwriter**—None.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. **Underwriter** — Investment Service Co., Denver, Colo., on a best efforts basis.

★ **Dominion Acceptance Corp.**
March 18 (letter of notifictaion) $100,000 of 6½% convertible subordinated notes, due April 1, 1969. **Price**—At face amount. **Proceeds**—For working capital. **Office**—4526 N. Sheridan Rd., Chicago, Ill. **Underwriter**—None.

★ **Dorsey Corp. (4/13-17)**
March 20 filed 25,000 shares of 6% cumulative preferred stock, series A, $50 par (with warrants attached for the purchase of 50,000 common shares) and 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Together with $1,000,000 of institutional borrowings and other company funds, will be applied for purchase by its subsidiary of the assets of Dorsey Trailers, Inc. and to the retirement of the latter company's notes and installment contracts, in the approximate amounts of $4,000,000 and $670,392, respectively. **Office**—100 West 10th St., Wilmington, Del. **Underwriter**—Blair & Co., Inc., New York.

★ **Dynacolor Corp., Rochester, N. Y.**
March 24 filed $1,600,000 of 7% sinking fund debentures due 1969 and 155,000 shares of common stock. The company proposes to offer the debentures and 80,000 common shares in units, consisting of $100 of debentures and five common shares. Remaining 75,000 outstanding common shares are to be offered for sale by the holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To pay bank loans and for construction, equipment and development. **Underwriter**—Lee Higginson Corp., New York.

★ **Empire Oil Corp.**
March 17 (letter of notification) 140,000 shares of common stock (par five cents). **Price**—35 cents per share. **Proceeds**—For development of oil properties. **Office**—245 W. 55th Street, New York, N. Y. **Underwriter** — None.

Erdman, Smock, Hosley & Read, Inc. (4/10)
Feb. 26 (letter of notification) 100,000 shares of class A common stock and 10,000 stock purchase warrants, to be offered in units of 10 shares of stock and one warrant. **Price**—$30 per unit. **Proceeds** — For general corporate purposes. **Office** — 1008 Sixth St., N. W., Washington, D. C. **Underwriter**—Simmons & Co., New York.

● **Eurofund, Inc. (4/2)**
Feb. 26 filed 2,500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Office**—14 Wall St., New York. **Underwriter**—Glore, Forgan & Co., New York.

Evans Grocery Co., Gallipolis, Ohio
Feb. 9 (letter of notification) 30,027 shares of common stock (par $3.33⅓). **Price**—$8 per share. **Proceeds**—To selling stockholders. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

★ **Fairfax Building, Kansas City, Mo.**
March 24 filed $500,000 of Co-Ownership Participations. **Price**—$5,000 per unit. **Proceeds**—To acquire Fairfax Building in Kansas City, Mo. **Underwriter**—None. **Trustees**—Michael R. Riordan, Ira Sands and Jerome Wishner, 49 West 32nd St., New York, N. Y.

Federated Corp. of Delaware
Dec. 29 filed $918,000 of 6% convertible subordinated debentures due 1968. The company proposes to offer $210,000 of the debentures to purchase the capital stock of Consumers Time Credit, Inc., a New York company $442,000 of the debentures in exchange for Consumers debentures; and $226,000 of the debentures in exchange for the outstanding 12% debentures of three subsidiaries of Federated. **Office**—1 South Main Street, Port Chester, N. Y. **Underwriter**—None.

Federated Finance Co.
Nov. 17 (letter of notification) $300,000 of 10-year 6% senior subordinated debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds** — For working capital, to make loans, etc. **Office**—2104 "O" St., Lincoln, Neb. **Underwriters** — J. Cliff Rahel & Co. and Eugene C. Dinsmore, Omaha, Neb.

Fed-Mart Corp. (4/6-10)
March 16 filed 170,700 shares of common stock. **Price**—$11 per share. **Proceeds**—For acquisition of land, buildings and fixtures for two new stores; for expansion of operations of Reid Oil Co., a subsidiary; to reduce debt; and for working capital. **Office**—8001 Athello St., San Diego, Calif. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ **Fidelity Fund, Inc., Boston, Mass.**
March 20 filed (by amendment) an additional 3,000,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

Finance For Industry, Inc.
Dec. 16 filed 200,000 shares of class A common stock **Price**—At par ($1.50 per share). **Proceeds**—For working capital. **Office**—508 Ainsley Bldg., Miami, Fla. **Underwriter** — R. F. Campeau Co., Penobscot Bldg., Detroit Mich.

● **First Virginia Corp.**
Feb. 12 filed 1,154,730 shares of class B common stock (par $1), being offered in exchange for 38,491 shares of common stock of Old Dominion Bank at the rate of 30 shares of First Virginia class B stock for each one share of Old Dominion common stock. This offer will expire on April 6, unless extended.

Florida Builders, Inc.
Dec. 1 filed $4,000,000 of 6% 15-year sinking fund subordinated debentures and 40,000 shares of common stock to be offered in units of $100 principal amount of debentures and one share of common stock. **Price** — $110 per unit. **Proceeds**—For purchase and development of subdivision land, including shopping site; for new equipment and project site facilities; for financing expansion program; and for liquidation of bank loans and other corporate purposes. **Office**—700 43rd St., South St. Petersburg, Fla. **Underwriter**—None.

Fluorspar Corp. of America
Feb. 5 (letter of notification—as amended) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—4334 S. E. 74th Ave., Portland 6, Ore. **Underwriter**—Evergreen Securities, Inc., 4314 N. E. 96th Ave., Portland, Ore.

● **Food Fair Stores, Inc.**
Feb. 27 filed $21,203,200 of 20-year 4% convertible subordinated debentures due 1979 being offered initially for subscription by common stockholders of record on or about March 24, 1959, on the basis of $100 principal amount of debentures for each 25 shares of common stock held; rights to expire on April 10, 1959. **Price**—At par (flat). **Proceeds** — For general corporate purposes, including additional working capital and future capital expenditures. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

Ford Motor Co., Dearborn, Mich. (3/30-4/3)
March 12 filed 2,000,000 shares of common stock (par $5). **Price**—To be related to current market quotations on the New York Stock Exchange. **Proceeds**—To the Ford Foundation, the selling stockholder. **Underwriters** — Blyth & Co., Inc., The First Boston Corp., Goldman, Sachs & Co., Kuhn, Loeb & Co., Lehman Brothers, Merril Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co., all of New York.

Foundation Investment Corp., Atlanta, Ga.
Jan. 13 filed 231,988 shares of common stock to be offered for subscription by stockholders; unsold portion to be offered publicly. **Price**—$12.50 per share. **Proceeds**—To repay notes. **Office**—515 Candler Bldg., Atlanta, Ga. **Underwriter**—None.

★ **Franklin Discount Co.**
March 16 (letter of notification) $100,000 of double year money capital notes due 8 years, 8 months, and eight days from date of issue. **Price**—At face amount. **Proceeds**—For working capital. **Office**—105 North Sage St., Toccoa, Ga. **Underwriter**—None.

★ **Franklin Investment Programs, New York**
March 20 filed $5,000,000 of Programs for the accumulation of shares of Franklin Custodian Funds, Inc.

★ **Free State Geduld Mines, Ltd. (Union of South Africa)**
March 19 filed American depositary receipts for 50,000 ordinary registered shares. **Depositary**—Chemical Corn Exchange Bank, New York.
March 20 filed American depositary receipts for 50,000 ordinary registered shares. **Depositary**—Guaranty Trust Co. of New York.

★ **Frito Co. (4/21)**
March 25 filed 200,000 shares of common stock (par $2.50), of which 140,000 shares are for the account of selling stockholders and 60,000 shares for company's account. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters**—White, Weld & Co., New York; and Dittmar & Co., San Antonio, Texas.

★ **Garvey Foods, Inc.**
March 19 (letter of notification) 25,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 4, Boston 23, Mass. **Underwriter**—None.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co. Inc., and The First Boston Corp. (jointly), Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co (jointly). **Bids** Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Builders Corp., New York
Feb. 26 filed $2,131,000 of 6% subordinated debentures, due April 30, 1963, with detachable warrants to purchase 213,100 shares of common stock (each $100 debenture will be accompanied by a warrant for the purchase for cash of 10 common shares at $3 per share at any time beginning Oct. 30, 1959 to and including April 30, 1969). The company proposes to offer holders of its outstanding common stock and its outstanding cumulative preferred stock of record March 20, 1959, the right to subscribe to a total of $1,631,000 of the debentures with warrants. The remaining $500,000 of debentures with warrants are to be sold to a group of purchasers (who are also stockholders of the company) who have agreed also to purchase certain additional amounts of debentures with warrants if subscription rights are not exercised in at least the amount of $500,000. **Price**—$100 per unit. **Proceeds**—To repay promissory notes, and the balance, if any, will be added to working capital, to be used in part to reimburse the company's treasury for payments made upon the acquisition of land and as working capital for such building projects as the company may undertake. **Office**—2413 Third Ave., New York, N. Y. **Underwriter**—None.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

★ **General Telephone & Electronics Corp.**
March 24 filed 572,301 shares of common stock, being stock issuable under (a) General's Restricted Stock Option Plan, (b) options heretofore granted under that Plan, and (c) options heretofore granted under the Executive Stock Option Plan and the Employees' Stock Purchase Plan of Sylvania Electric Products, Inc. and the Stock Option Incentive Plan of Argus Cameras, Inc., which were assumed by General upon the merger of Sylvania into General on March 5, 1959, and converted into options to purchase shares of General common.

★ **Gillette Co.**
March 23 filed 80,000 shares of common stock, to be offered pursuant to the company's Employees' Savings Plan to eligible employees of Gillette and other affiliated companies.

● **Glickman Corp. (4/6-10)**
March 13 filed 3,357,700 shares of common stock. **Price**—$10 per share. **Proceeds** — For properties, furniture, fixture and leasehold improvements and other expenses. **Office**—565 Fifth Ave., New York, N. Y. **Underwriter**—Bache & Co., New York, N. Y.

★ **Godfrey Co., Milwaukee, Wis.**
March 23 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To provide inventory and working capital for four new supermarkets in the amount of some $309,400, and to provide fixtures and equipment with respect thereto in the amount of $635,000; some $30,000 will be used to provide equipment and improvements for Crestwood Bakery, a subsidiary; and the balance will be used for investments in controlling stock in retailer-franchised Sentry Markets and in interim investments in sites and developments prior to resale. **Office**—4160 North Port Washington Rd., Milwaukee, Wis. **Underwriter** — Taylor, Rogers & Tracy, Inc., Chicago, Ill.

● **Gold Seal Products Corp. (4/6-10)**
March 2 filed 125,000 shares of 6½% cumulative convertible preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To be applied towards the balance due on a mortgage held by A. J. Armstrong Co., Inc.; to the prepayment of certain indebtedness secured by accounts receivable; in prepayment of two promissory notes; and the balance for working capital. **Underwriter**—S. D. Fuller & Co., New York.

Government Employees Variable Annuity Life Insurance Co.
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of ½ warrant per share of stock held (as of Dec. 31, 1958 there were 143,703 shares of stock outstanding and $589,640 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,733 common shares would be outstanding. **Price**—$3 per share. **Proceeds**—For capital and surplus. **Office**—Government Employees Insurance Bldg., Washington, D. C. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass. **Offering**—Indefinitely postponed.

● **Graham-Paige Corp. (4/1)**
March 11 filed 350,000 shares of 6% cumulative preferred stock (par $10 — convertible until April, 1969). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred in connection with purchase of capital stock of Madison Square Garden Corp. **Business**—A closed-end non-diversified management investment company. **Underwriter**—Bache & Co., New York.

★ **Grant (W. T.) Co. (4/8)**
March 19 filed 320,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital requirements, including those resulting from further store expansion. **Underwriter**—Lehman Brothers, New York.

Gray Drug Stores, Inc. (3/27)
March 6 filed $2,313,500 of convertible debentures due 1974, to be offered for subscription by common stockholders of record on or about March 27, 1959, on the basis of $100 of debentures for each seven shares held; rights to expire on April 14. **Price**—To be supplied by amendment. **Proceeds**—To retire term loan indebtedness and the balance of note issued by the company as part of the consideration for the assets of The King Drug Co.; for capital expenditures; and the balance for working capital. **Underwriter** — Merrill, Turben & Co., Inc., Cleveland, Ohio.

Great Lakes Natural Gas Co., Inc.
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling wells and working capital. **Office**—632 W. 9th St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York.

● **Greater All American Markets, Inc. (4/21-22)**
March 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For advance rental payments, purchase of inventories and working capital. **Business**—Operates eight super markets. **Office**—7814 East Firestone Blvd., Downey, Calif. **Underwriter**—J. Barth & Co., San Francisco, Calif.

Gridoil Freehold Leases Ltd.
Feb. 5 filed 563,600 shares of common stock to be offered in exchange for $2,818,000 of 5½% convertible sinking fund redeemable notes, series A, due July 1, 1976, on the basis of 200 shares for each $1,000 note. **Office**—330 Ninth Avenue, West, Calgary, Canada.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office** — 1825 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C.

Gulf Power Co. (4/2)
March 6 filed $7,000,000 of first mortgage bonds due April 1, 1989. **Proceeds**—To repay short-term bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Bids**—To be received up to 11 a.m. (EST) on April 2 at Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y.

Harzfeld's, Inc., Kansas City, Mo. (4/6-10)
March 11 filed 46,200 shares of common stock (par $4), of which 7,500 shares are to be sold for company's account and 38,700 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

Hawaiian Electric Co., Ltd. (4/8)
March 16 filed $10,000,000 of first mortgage bonds, series K, due March 15, 1989. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Dillon, Read & Co. Inc., New York; and Dean Witter & Co., San Francisco, Calif.

Heartland Development Corp.
Oct. 23 (letter of notification) 22,820 shares of nonvoting convertible preference stock (par $12) to be offered for subscription by stockholders on the basis of one share of convertible preference stock for each 10 shares of common stock held on or about Nov. 1, 1958. Stockholders will have 45 days in which to exercise the rights. **Price** — At par. **Proceeds** — To repay debts, acquisition of investments, and for general purposes. **Address**—P. O. Box-348, Albany, N. Y. **Underwriter**—None.

Heliogen Products, Inc.
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office** — 35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

Hermetic Seal Corp.
March 9 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For payment of the balance of owed moneys to creditors; to equip a plant in the Midwest area; for a modern research development laboratory and working capital. **Office**—744 Broad St., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

● **High Point Chemical Co., Inc.**
March 3 (letter of notification) 300,000 shares of common stocks (par 10 cents). **Price**—$1 per share. **Proceeds**—For production equipment for nylon conversion process; to establish factory and offices and for working capital. **Office** — 44 Shore Drive, Great Neck, N. Y. **Underwriter**—Pearson, Murphy & Co., Inc., New York. **Offering**—Reported oversubscribed.

Highway Trailer Industries, Inc.
Nov. 24 filed 473,000 outstanding shares of common stock (par 25 cents). **Price**—At prices generally prevailing on the American Stock Exchange. **Proceeds** — To selling stockholders. **Office**—250 Park Avenue, N. Y. **Underwriter**—None.

Hinsdale Raceway, Inc., Hinsdale, N. H.
Dec. 29 filed capital trust certificates evidencing 1,000,000 shares of capital stock, and 2,000 debenture notes. **Price**—The common stock at par ($1 per share) and the notes in units of $500 each. **Proceeds**—For construction of a track, including land, grandstand, mutual plant building, stables and paddock, dining hall, service building, administrative building, penthouse, tote board and clubhouse. **Underwriter**—None.

Hoffman Motors Corp. (3/30-4/3)
March 9 filed 260,000 shares of common stock (par $1), of which 250,000 shares are to be publicly offered and 10,000 shares to officers and employees. **Price**—$10 per shares to public; $9 to employees. **Proceeds**—To selling stockholder. **Underwriter** — For public offering: Van Alstyne, Noel & Co., New York.

Home-Stake Production Co., Tulsa, Okla.
Nov. 5 filed 116,667 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 2202 Philtower Bldg., Tulsa, Okla. **Underwriter**—None.

Home Telephone & Telegraph Co. of Virginia
Feb. 19 filed 92,160 shares of capital stock being offered for subscription by stockholders of record Feb. 27, 1959, on the basis of one new share for each four shares held; rights to expire on April 3. **Price**—At par ($5 per share). **Proceeds**—To repay short-term bank loans. **Underwriter**—None. Statement effective March 10.

Hudson Bay Mining & Smelting Co., Ltd. (4/1)
March 6 filed 75,000 shares of capital stock (no par). **Price**—To be related to market price on the New York Stock Exchange. **Proceeds**—To selling stockholder. **Underwriter**—White, Weld & Co., New York.

Imperial Growth Fund, Inc.
March 2 filed 600,000 shares of common stock. **Price**—At market. **Proceeds** — For investment. **Office** — 60 Marquette Ave., Minneapolis, Minn. **Underwriter** — Minneapolis Associates, Inc., Minneapolis, Minn.

● **Indiana Steel Products Co.**
Feb. 26 filed 42,193 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one share for each seven shares held on or about March 23, 1959; rights to expire on or about April 7. **Price**—To be supplied by amendment. **Proceeds**—For construction, machinery and equipment, and to provide additional funds for working capital and other corporate purposes. **Office**—405 Elm St., Valparaiso, Ind. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn. **Offering**—Expected today (March 19).

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis. Statement effective Nov. 18.

● **Inter-Mountain Telephone Co.**
March 5 filed 399,000 shares of voting common stock being offered for subscription by common stockholders of record March 20, 1959, on the basis of two new shares for each five shares then held; rights to expire on April 10. **Price**—At par ($10 per share). **Proceeds**—For reduction of short-term notes to banks. **Underwriter**—Courts & Co., Atlanta, Ga. and New York, for 219,341 shares; balance to be offered to two principal stockholders—Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

Investors Funding Corp. of New York
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For investment. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None.

Itemco Inc.
Nov. 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire machinery and equipment and additional space for test laboratories; and for working capital. **Office**—4 Manhasset Ave., Port Washington, L. I., N. Y. **Underwriter** — B. Fennekohl & Co., 205 East 85th St., New York, N. Y.

Kratter Corp., New York
March 16 filed 2,719,950 shares of class A stock and 300,000 shares of class B stock, of which a maximum of 2,457,450 shares of class A stock are to be offered in exchange for units in certain limited partnerships. Company sold on March 14 a total of 250,000 class A shares at $10 per share, and on March 4 a total of 300,000 class B shares at $1 per share to certain persons; the remaining 12,500 class A shares are to be issued to Cinaba, Ltd. **Office**—521 Fifth Avenue, New York, N. Y. **Underwriter**—None.

Laure Exploration Co., Inc., Arnett, Okla.
Dec. 23 filed 400,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For machinery and equipment and exploration purposes. **Underwriter**—None.

Lefcourt Realty Corp.
Jan. 29 filed 3,492,000 shares of common stock, of which 2,622,000 shares were issued in exchange for all of the common stock of Desser & Garfield, Inc., and D. G. & R., Inc.; 750,000 shares will be used for the exercise of an option by the company to purchase from Big Mound Trail Corp. some 3,784.9 acres of land on or before May 1, 1959; and the remaining 120,000 shares are to be sold for the account of a selling stockholder. **Underwriter**—None.

★ **Levy Brothers' Clothing Co., Tucson, Ariz.**
March 17 (letter of notification) 17,647 shares of common stock (par $1). **Price**—$17 per share. **Proceeds**—For working capital. **Underwriter**—None.

★ **Life Insurance Securities Corp., Portland, Me.**
March 28, 1958, filed 1,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire 50,000 shares of the stock of Maine Insurance Co. and other insurance companies. **Underwriter**—First Maine Corp., Portland, Me. Registration statement expected to become effective on or about March 26.

● **Little (J. J.) & Ives Co. (4/15-16)**
March 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$3.50 per share. **Proceeds**—For additional working capital to be used principally in producing The American Oxford Encyclopedia. **Underwriter**—Shields & Co., New York.

Lock Joint Pipe Co. (4/1)
March 3 filed 166,716 shares of common stock (par 33⅓ cents), of which, 136,716 shares are to be sold for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Lockwood, Kessler & Bartlett Inc.**
March 25 filed 150,000 shares of class A stock, of which 100,230 shares are to be offered for the account of the company and 49,770 for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Syosset, Long Island, N. Y. **Underwriter**—Francis I du Pont & Co., New York.

● **Lorain Telephone Co.**
Feb. 11 (letter of notification) 1,562 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for approximately each 75.1729 shares held at the close of business on March 17, 1959; rights to expire on May 15, 1959. **Price**—$32 per share. **Proceeds**—To reimburse the treasury. **Office**—203 W. Ninth St., Lorain, Ohio. **Underwriter**—None.

Louisiana Power & Light Co. (4/14)
March 3 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—For property improvements and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids** — Expected to be received up to 11:30 a.m. (EST) on April 14 in Room 2033, Two Rector St., New York, N. Y.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa. **Underwriter**—None.

Magic Mountain, Inc., Golden, Colo.
Jan. 27 filed 2,250,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—For construction and working capital. **Underwriter** — Allen Investment Co., Boulder, Colo., on a best-efforts basis.

McQuay, Inc. (3/30-4/3)
March 9 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital. **Office**—1600 Broadway Northeast, Minneapolis, Minn. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

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● Mergenthaler Linotype Co., Brooklyn, N. Y. (4/7)
March 17 filed 116,541 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each four shares held of record April 6, 1959; rights to expire on April 24 (with an oversubscription privilege). An additional 29,900 shares are being or will be offered pursuant to the company's Employee Stock Option Plan. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be used for corporate purposes. **Underwriter**—None.

Midwest Technical Development Corp.
March 17 filed 400,000 shares of common stock. **Price**—$3.75 per share. **Proceeds**—For general corporate purposes. **Office**—1404 Northwestern Bank Bldg., Minneapolis, Minn. **Underwriter**—None.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark. **Underwriter**—None.

Monongahela Power Co. (3/31)
Feb. 24 filed $16,000,000 of first mortgage bonds due April 1, 1984. **Proceeds**—For construction program. **Underwriter** — To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp.; W. C. Langley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on March 31 at West Penn Electric Co.'s office, 50 Broad St., New York, N. Y.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers**—Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc. **Offering**—Indefinitely postponed.

● National Theatres, Inc.
Dec. 30 filed $20,000,000 5½% sinking fund subordinated debentures due March 1, 1974, stock purchase warrants for 454,545 shares of common stock (par $1) and 485,550 warrants to purchase debentures and stock purchase warrants. The debentures and stock purchase warrants are being offered in exchange for National Telefilm Associates, Inc. common stock and outstanding stock purchase warrants. **Basis of Exchange**—Shareholders of National Telefilm will receive $11 principal amount of debentures and a purchase warrant for one-quarter share of National Theatres stock in exchange for each share of National Telefilm. For each outstanding warrant of National Telefilm, the holder will receive an exchange warrant for the purchase of $11 of debentures and a warrant for the purchase of one-quarter share of National Theatres common. The offer, which expires April 6, 1959, has been declared effective. **Dealer-Managers** — Cruttenden, Podesta & Co., Cantor, Fitzgerald & Co., Inc., and Westheimer & Co.

● Natural Gas Pipeline Co. of America (4/9)
March 18 filed $20,000,000 of first mortgage pipeline bonds due 1979. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to pay outstanding bank loans. **Underwriters**—Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc., both of New York.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston, Tex. **Underwriter**—T. J. Campbell Investment Co., Inc. Houston, Tex.

New York Shipbuilding Corp.
March 3 filed 621,353 shares of common stock. **Price**—To be supplied by amendment. To be offered from time to time either on the New York Stock Exchange at price prevailing at time of sale or by public or private sale at related prices. **Proceeds** — To Merritt - Chapman & Scott Corp., the selling stockholder. **Underwriter**—None.

★ New York Shipbuilding Corp.
March 20 filed 83,334 shares of common stock, to be offered in exchange for common stock of Higgins, Inc., at the rate of one share of New York Shipbuilding common for each 24 shares of Higgins common.

★ North American Mortgage Corp.
March 16 (letter of notification) 15,000 shares of 6% cumulative preferred stock (par $10) and 15,000 shares of common stock (par $1) to be sold in units consisting of one share of preferred and one share of common. **Price**—$15 per unit. **Proceeds**—For expansion and working capital. **Office**—7225 Central Avenue, St. Petersburg, Fla. **Underwriter**—None.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

Ohio Power Co. (3/30)
Feb. 24 filed $25,000,000 of first mortgage bonds due 1989. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon (Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc., and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EST) on March 30 at office of American Electric Power Service Corp., 30 Church St., New York 8, N. Y.

Oil, Gas & Minerals, Inc.
Nov. 16 (letter of notification) 116,000 shares of common stock (par 35 cents). **Price**—$1 per share. **Proceeds**—For development of oil and gas properties. **Office**—513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La.

O. K. Rubber Welders, Inc.
Dec. 15 filed 60,600 shares of common stock, $43,333.33 of 3¼% debentures maturing on or before May 6, 1965 $692,000 of 6% debentures maturing on or before Dec 31, 1974 and $123,000 of 7% debentures due on or before May 6, 1965. The company proposes to make a public offering of 25,000 shares of common stock at $10 per share. The remaining shares and the debentures are subject to an exchange offer between this corporation O. K. Rubber, Inc., and O. K. Ko-op Rubber Welding System, on an alternative basis. **Proceeds**—Of the public offering, will be used for additional working capital and/or to service part of the company's debt. **Office**—551 Rio Grande Ave., Littleton, Colo. **Underwriter**—None.

★ Old Dominion Growth Stock Fund, Inc.
March 19 filed 5,000 shares of capital stock (par $50). **Price**—At market. **Proceeds**—For investment. **Office**—Suffolk, Va. **Investment Adviser**—Carnes & Co.

Oppenheimer Fund, Inc.
Dec. 5 filed 100,000 shares of capital stock. **Price**—At market (about $10 per share). **Proceeds**—For investment. **Office**—25 Broad St., New York. **Underwriter**—Oppenheimer & Co., New York.

★ Organic Products, Inc.
March 18 (letter of notification) 2,000 shares of common stock and 3,000 shares of 6% preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—631 Northwestern Bank Bldg., Minneapolis 2, Minn. **Underwriter**—None.

● Pacific Hawaiian Products Co. (4/6-10)
March 9 filed 213,000 shares of common stock (par $1). **Price** — To be supplied by amendment (expected at around $10.50 per share). **Proceeds**—To selling stockholders. **Underwriters** — Dempsey-Tegeler & Co., St. Louis, Mo.; and Morgan & Co., Los Angeles, Calif.

Pacific Power & Light Co.
Jan. 27 filed 207,852 shares of common stock (par $6.50) being offered to common stockholders of record March 3, 1959 at the rate of one new share for each 20 shares held; rights to expire on March 25. **Price** — $37.50 per share. **Proceeds** — For construction program. **Underwriter** — Ladenburg, Thalmann & Co., New York.

Paramount Mutual Fund, Inc.
Jan. 2 filed 300,000 shares of capital stock. **Price**—Minimum purchase of shares is $2,500. **Proceeds**—For investment. **Office**—404 North Roxbury Drive, Beverly Hills Calif. **Underwriter**—Paramount Mutual Fund Management. Co.

Patterson (M. F.) Dental Supply Co. of Delaware (4/1)
March 9 filed 200,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to repay bank loan. **Office**—2531 University Ave., St. Paul, Minn. **Underwriter**—Stone & Webster Securities Corp., New York.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1) **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1989. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co. Equitable Securities Corp., and Shields & Co. (jointly) Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions. SEC on Feb. 25, 1959 extended to June 16, 1959 period within which company may consummate financing.

Perfecting Service Co.
Feb. 26 (letter of notification) 28,250 shares of common stock to be offered for subscription by stockholders on a pro rata basis. Rights expire in 15 days. **Price**—At par ($10 per share). **Proceeds**—For accounts receivable and inventories. **Office**—332 Atando Ave., Charlotte, N. C. **Underwriter**—None.

Peruvian Oils & Minerals, Ltd.
March 12 filed 400,000 shares of capital stock. **Price**—At the prevailing market. **Proceeds**—To selling stockholders. **Office** — 85 Richmond Street West, Toronto, Ont., Canada. **Underwriter**—None.

★ Price (T. Rowe) Growth Stock Fund, Inc.
March 23 filed (by amendment) an additional 250,000 shares in the Fund. **Price**—At market. **Proceeds**—For investment. **Office**—Baltimore, Md.

Prudential Enterprises, Inc.
Jan. 15 (letter of notification) 200,000 shares of common stock (par one cent) of which 170,000 shares are to be sold by the company and 30,000 shares by a selling stockholder. **Price** — $1.50 per share. **Proceeds** — For general expansion and working capital. **Office**—1108 16th Street, N.W., Washington 6, D. C. **Underwriter**—John C. Kahn Co., Washington, D. C.

Public Service Co. of New Mexico (3/30)
March 6 filed 56,000 shares of cumulative preferred stock, 1959 series ($100 par) with attached warrants entitling the holders to purchase an aggregate of 168,000 shares of common stock. This includes 2,000 preferred shares to be offered to company employees. **Price**—To be supplied by amendment. **Proceeds**—For construction program and other corporate purposes, including repayment of $1,000,000 of bank borrowings. **Underwriters**—Allen & Co., Lehman Brothers, Bear Stearns & Co., E. F. Hutton & Co., and Salomon Bros. & Hutzler, all of New York.

★ Putnam (George) Fund of Boston
March 19 filed (by amendment) an additional 2,000,000 shares of beneficial interest. **Price**—At market. **Proceeds**—For investment.

Raindor Gold Mines, Ltd.
Jan. 28 (letter of notification) 290,000 shares of common stock (par $1). **Price**—$1 per share. **Proceeds**—To prove up ore and for road and camp construction. **Office**—At Suite 322, 200 Bay St., Toronto, Ont., Canada, and c/o T. Arnold, Wilson Circle, Rumson, N. J. **Underwriter**—Sano & Co., New York, N. Y.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York, on a "best efforts" basis.

Research Investing Fund of America, Inc.
Feb. 24 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment **Office**—Englewood, N. J. **Underwriter**—First Mutual Securities of America, Inc.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — Pacific Securities Ltd., Vancouver, Canada.

Ritter Finance Co. (4/1)
March 5 filed 30,000 shares of 6% cumulative convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and initially used to reduce temporary notes payable to banks. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Ritter Finance Co. (4/1)
March 5 filed 25,000 shares of class B common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Routh Robbins Investment Corp.
Jan. 29 filed 475,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For investments and working capital. **Business** — Real estate investments. **Office** — Alexandria, Va. **Underwriter**—None.

★ Schjeldahl (G. T.) Co.
March 23 filed 42,500 shares of common stock, which are to be offered and sold first to present stockholders at the rate of one new share for each eight shares held on April 1, 1959. **Price**—$10 per share. **Proceeds**—For increased plant facilities, for purchase of equipment, working capital and other corporate purposes. **Office**—202 South Division St., Northfield, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

Scranton-Spring Brook Water Service Co. (3/30)
March 3 filed $8,000,000 of sinking fund debentures due April 1, 1984 with common stock warrants to purchase 80,000 shares of common stock to be offered in units of $200 of debentures and warrants for the pruchase of two shares of stock for subscription by common stockholders at the rate of one unit for each 25 shares of stock held about March 30, 1959; rights to expire about April 15. **Price**—$200 per unit. **Proceeds**—To repay bank loans. **Underwriter**—Allen & Co., New York.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price**—$18.75 per share. **Proceeds**—To go to a selling stockholder. **Office**—400 W. Vickery Blvd., Fort Worth, Tex. **Underwriter**—Kay & Co., Inc., Houston, Tex.

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office** — 1033-30th St., N. W., Washington 7, D. C. **Investment Advisor**—Investment Fund Management Corp. **Former Name**—Shares in America, Inc.

★ Sherburne Corp., Sherburne, Vt.
March 17 (letter of notification) 480 shares of common stock (par $100). **Price**—$250 per share. **Proceeds**—To purchase equipment and for working capital. **Underwriter**—None.

Sheridan-Belmont Hotel Co.
Aug. 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. **Price**—At par. **Proceeds**—For working capital. **Office** — 31. North Sheridan Rd., Chicago 14, Ill. **Underwriter**—None.

★ **SIMCA Societe Anonyme, of France (4/13)**
March 24 filed 1,000,000 shares of capital stock, par value 5,000 French francs (U. S. $10.12) per share, and equivalent 2,000,000 American shares representing such 1,000,000 capital shares (two American shares represent one capital share). The company proposes to offer holders of its American shares on April 13, 1959, and holders of its capital shares in the United States, its territories and possessions, the right to subcribe for one additional American Share for each American Share held, or one additional Capital Share for each Capital Share held (with an additional subscription privilege). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Underwriter**—None.

Sire Plan of Elmsford, Inc., New York
Nov. 10 filed $250,000 of 6% 10-year debentures and 5,000 shares of 6% participating preferred stock (par $50) to be offered in units of a $50 debenture and one share of preferred stock. **Price**—$100 per unit. **Proceeds**—For acquisition of motels. **Underwriter**—Sire Plan Portfolios Inc., New York.

★ **Southern Discount Co.**
March 12 (letter of notification) $95,000 of 5% subordinated debentures, series "G." **Price**—At par. **Proceeds**—For working capital. **Office**—919 W. Peachtree Street, N. E., Atlanta, Ga. **Underwriter**—None.

★ **Southern Union Gas Co. (4/10)**
March 19 filed 442,731 shares of cumulative convertible second preferred stock to be offered for subscription by common stockholders of record April 10, 1959, on the basis of one share of preferred for each five common shares held; rights to expire on or about May 1. **Price**—At par ($25 per share). **Proceeds**—To repay bank loans and for construction program. **Underwriters** — Snow, Sweeney & Co., Inc., and A. C. Allyn & Co., Inc., both of New York.

● **Southwestern Electric Service Co.**
March 3 (letter of notification) 14,126 shares of common stock (par $1) being offered for subscription by stockholders of record March 16, 1959 on the basis of one new share for each 30 shares now held; rights to expire on April 3. **Price**—$16 per share (estimated). **Proceeds**—For construction purposes. **Office**—1012 Mercantile National Bank Building, Dallas, Texas. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters. Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

● **State Life, Health & Accident Insurance Co.**
July 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be invested in stocks and bonds and to acquire other life insurance companies. **Address**—P. O. Box 678, Gulfport, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss. Offering was subsequently withdrawn.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $ per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

★ **Tennessee Gas Transmission Corp.**
March 23 filed 500,000 shares of common stock, to be offered to officers and employees of the company and its subsidiaries pursuant to the company's restricted stock option plan.

★ **Tennessee Gas Transmission Co. (4/7)**
March 18 filed 440,000 shares of cumulative convertible second preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be used in part to retire the company's outstanding short-term notes issued under the company's revolving Credit Agreement, the proceeds from which were used in the expansion of the company's properties; and the balance will be added to the general funds of the company and be used for further expansion of properties. **Underwriters**—Stone & Webster Securities Corp. and White, Weld & Co., both of New York.

★ **Texas Eastern Transmission Corp.**
March 19 filed 344,255 shares of common stock, to be offered under options granted or to be granted to designated officers and key personnel pursuant to the company's Restricted Stock Option Plan. Of the 344,255 shares, 81,355 are the subject of future options and the balance are subject to options heretofore granted.

Texas Instruments, Inc., Dallas, Texas
Feb. 11 filed 691,851 shares of common stock (par $1) and 737,974 shares of 4% cumulative preferred stock, series 1959 ($25 par—convertible on or prior to May 1, 1969), to be offered in exchange for common stock of Metals & Controls Corp. on the basis of three-quarters of a share of Texas common stock for each Metals & Controls common share, or, if the holder elects, for eight-tenths of a preferred share and four-tenths of a common share. **Underwriter**—None. Statement effective March 4.

★ **Texfel Petroleum Corp. (4/6)**
March 19 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of the company's 5% notes held by an American bank, and the balance will be added to its general funds and will be used in connection with its various operations, and for general corporate purposes, including payment of purchase obligations on certain properties, and for the purchase of warehouse inventories. **Office**—Republic National Bank Bldg., Dallas, Texas. **Underwriters**—Bache & Co. and Allen & Co., both of New York.

● **Thorncliffe Park Ltd. (3/30-4/3)**
Feb. 20 filed $4,000,000 (Canadian) of sinking fund debentures, series A, due March 1, 1974, and 80,000 shares of common stock, to be offered for sale in units, each consisting of $1,000 of debentures and 20 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of a loan; to retire all of the company's current bank loans; and the balance for working capital and general corporate purposes. **Address**—Postal Station R, Toronto, Ont., Canada. **Underwriter**—Bache & Co., New York.

★ **Tour-Travel International, Inc.**
March 16 (letter of notification) 17,500 shares of class A stock (par $1); 26,250 shares of common stock (par 10 cents) and 17,500 warrants, to be offered in units of one shares of class A stock, 1½ shares of common stock and one warrant. **Price**—$10.25 per unit. **Proceeds**—To repay loans to officers, employing additional personnel and for working capital. **Office**—300 Connecticut Avenue, Washington, D. C. **Underwriter**—None.

★ **Transcon Petroleum & Development Corp., Mangum, Okla.**
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City, Utah. **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Victoreen Instrument Co.
March 4 filed 248,394 shares of capital stock (par $1) to be offered for subscription by holders of common stock and debentures, at the rate of new share for each four common shares held and eight shares for each $100 of debentures held (with an oversubscription privilege). The record date will be the fourth business day following the effective date of the registration statement and the subscription period will be approximately 20 days. **Price**—To be supplied by amendment. Proceeds—For working capital. **Underwriter**—None.

Western Massachusetts Companies (4/3)
March 13 filed 177,626 shares of common stock (par 50 cents), of which 161,626 shares are to be offered for subscription by common stockholders of record April 3, 1959, on the basis of one new share for each 15 shares then held; rights to expire on April 21. Employees will be offered the privilege of subscribing for 16,000 shares up to 3:30 p.m. (EST) on April 16. **Price**—To be supplied by amendment. **Proceeds**—To be loaned to a subsidiary, Western Massachusetts Electric Co., which will be used to reduce its short-term bank borrowings, and for its construction program. **Underwriters**—The First Boston Corp. and White, Weld & Co., both of New York.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

★ **Winfield Growth Industries Fund, Inc.**
March 23 filed (by amendment) an additional 1,100,000 shares in the Fund. **Price**—At market. **Proceeds**—For investment. **Office**—San Francisco, Calif.

Wisconsin Power & Light Co. (4/15)
March 9 filed $14,000,000 of first mortgage bonds, series J, due March 1, 1989. **Proceeds**—To pay part of the cost of property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Blyth & Co., Inc. and Lehman Brothers (jointly). **Bids**—Expected to be received up to 10:30 a.m. (CST) on April 15.

Wyoming Corp.
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

Prospective Offerings

Alabama Power Co. (4/30)
Dec. 10 it was announced that the company plans the issue and sale of $20,000,000 of 30-year first mortgage bonds. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly); Morgan Stanley & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Planned for April 3. **Bids**—Expected to be received on April 30.

★ **Arkansas Western Gas Co. (5/1)**
March 16 it was reported that company plans issuance and sale of $1,000,000 of convertible subordinated debentures. **Proceeds**—Together with other funds, will be used to retire about $550,000 of bank loans and for expansion program. **Underwriters**—Snow, Sweeney & Co. Inc., and A. C. Allyn & Co., Inc., both of New York. **Registration**—Expected end of March.

Consolidated Edison Co. of N. Y. Inc. (5/26)
March 9 it was reported that the company plans to issue and sell $50,000,000 to $60,000,000 of first refunding mortgage bonds. **Proceeds**—For additions, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 26.

● **Consolidated Natural Gas Co. (5/21)**
March 18 the directors approved a plan to offer stockholders on or about May 21 the right to subscribe for 821,256 additional shares of capital stock on the basis of one new share for each 10 shares held; rights to expire on or about June 10. **Price**—To be below the market price prevailing at the time of the offering. **Proceeds** — For construction program. **Underwriter**—None.

Consolidated Natural Gas Co.
March 18, James Comerford, President, announced that, in addition to the proposed stock offering to stockholders, the company plans this year to issue and sell publicly $20,000,000 of debentures. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

Diamond State Telephone Co. (4-21)
Feb. 27 it was announced that this company plans to issue and sell $5,000,000 of 35-year debentures. **Proceeds**—Principally to replace borrowings for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co.; Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on or about April 21.

Duke Power Co.
March 9 it was reported that the company plans to issue and sell $25,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Offering** — Expected about mid-year.

El Paso Electric Co. (5/19)
Feb. 9 it was reported that the company is planning the sale of $3,500,000 of first mortgage bonds due 1989. Pro-

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ceeds—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co. and Shields & Co. (jointly) Equitable Securities Corp. and R. W. Pressprich & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 19.

El Paso Electric Co. (5/19)
Feb. 9 it was reported that the company plans the sale of 20,000 shares of preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler & Co.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith. **Bids** — Expected to be received up to 11 a.m. (EDT) on May 19.

El Paso Electric Co. (5/12)
Feb. 9 it was reported that the company is also planning an offering of 76,494 shares of common stock to common stockholders on the basis of about one new share for each 25 shares held as of May 11, 1959; rights to expire on May 26. **Proceeds**—For construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

El Paso Natural Gas Co.
March 4 it was announced stockholders will on April 28 vote on increasing the authorized preferred stock to 1,000,000 shares from 472,229 shares, and the common stock to 25,300,000 shares from 20,300,000 shares. **Proceeds** — For major expansion program. **Underwriter** — White, Weld & Co., New York.

★ **General Telephone & Electronics Corp. (4/20)**
March 20 it was reported that an offering of about 800,000 shares of common stock is expected (either to public or to stockholders). **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif. **Registration** — Expected March 31.

Georgia Power Co. (9/10)
Dec. 10 it was announced that the company plans to issue and sell $18,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Lehman Brothers; The First Boston Corp.; Morgan Stanley & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Registration**—Planned for Aug. 14. **Bids**—Expected to be received on Sept. 10.

★ **Idaho Power Co. (5/13)**
March 16 it was reported that the company plans to issue and sell $15,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 13.

Interstate Power Co.
March 2 it was reported that the company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Lehman Brothers (jointly). **Bids**—Expected to be received some time in May.

Interstate Power Co.
March 2 it was reported that the company is planning the issuance and sale of $4,000,000 preferred stock. **Underwriter**—Kidder, Peabody & Co., New York, handled last equity financing through negotiated sale. If determined by competitive bidding, probable bidders may be Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Smith, Barney & Co. **Offering**—Expected in May.

Jersey Central Power & Light Co.
Feb. 10 it was announced that the company is contemplating the sale of $8,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers and Blair & Co., Inc., (jointly). **Offering**—Expected during August.

Maine Public Service Co. (4/24)
March 9 it was announced that the company plans early registration of 50,000 shares of additional common stock (par $7). **Proceeds**—To reduce outstanding bank loans. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., A. G. Becker & Co., Inc., and Kidder, Peabody & Co., all of New York. **Registration** — Planned for April 1.

Mississippi Power Co. (6/25)
Dec. 10 it was announced that this company plans to issue and sell $5,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for May 29. **Bids**—Expected to be received on June 25.

★ **Norfolk & Western Ry. (4/2)**
Bids will be received up to noon (EST) on April 2 in Philadelphia, Pa., for the purchase from the company of $7,350,000 series G equipment trust certificates due semi-annually from Oct. 1, 1959 to April 1, 1974, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio.

Northern Illinois Gas Co.
Dec. 12 it was reported that the company will sell in 1959 about $35,000,000 of new securities, including some first mortgage bonds; in addition, there is a possibility of a preferred stock issue. **Proceeds**—For capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

Northern States Power Co. (Minn.)
Dec. 3, Allen S. King, President, announced that the company plans about the middle of 1959 to put out a common stock issue and possibly a $15,000,000 preferred stock issue if there is a satisfactory market. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding Probable bidders (1) For preferred stock: Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Harriman Ripley & Co., Inc. and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. (2) For common stock: Lehman Brothers and Riter & Co. (jointly); The First Boston Corp., Blyth & Co., Inc. and Kuhn, Loeb & Co. (jointly); White, Weld & Co. and Glore, Forgan & Co. (jointly); Merrill Lynch Pierce, Fenner & Smith.

● **Our River Electric Co., Luxemburg**
Dec. 22 it was reported that this company plans to offer $10,000,000 of bonds. **Underwriters**—The First Boston Corp. and Kuhn, Loeb & Co., both of New York. **Offering**—Indefinite.

Penn-Texas Corp.
Jan. 28, Alfons Landa, President, said the company may offer its stockholders $7,000,000 additional capital stock through subscription rights. **Purpose**—To acquire Fairbanks, Morse & Co. common stock. **Underwriter**—Bear, Stearns & Co., New York.

Pennsylvania Electric Co.
Feb. 10 it was announced that the company is planning the sale of $15,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., Merrill Lnych, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). **Offering**—Expected about mid-year.

Pittsburgh & Lake Erie RR. (4/7)
Feb. 23 it was reported the company plans to receive bids up to noon (EST) on April 7 for the purchase from it of $2,475,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Public Service Co. of Colorado (4/28)
March 12 it was reported that the company plans to issue and sell about $20,000,000 of first mortgage 30-year bonds, due 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. and Smith Barney & Co. (jointly); Harriman Ripley & Co. Inc., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Dean Witter & Co. (jointly); Lehman Brothers, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on April 28.

Public Service Electric & Gas Co. (6/2)
Jan. 30 it was reported that the company plans sale of $30,000,000 to $40,000,000 debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively expected to be received on June 2.

★ **San Diego Imperial Corp.**
March 16 it was reported that the company plans to offer an additional 1,278,720 shares of common stock. **Proceeds**—For further acquisitions. **Underwriter**—J. A. Hogle & Co., Salt Lake City and New York.

Southern Electric Generating Co. (5/28)
Dec. 10 it was announced that the company plans to issue and sell $25,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for April 17. **Bids**—Expected to be received on May 28.

● **Southern Nevada Power Co. (5/11)**
March 17 it was announced that the company plans to issue and sell $5,500,000 of first mortgage bonds. **Proceeds**—Together with other funds, will be used to repay temporary bank loans, and to refund the slightly less than $4,000,000 of series "C" 5½% mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Hornblower & Weeks and William R. Staats & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received up to 9 a.m. (PST) on or about May 11 in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

Southern Nevada Power Co. (4/28)
March 17 it was announced that the company plans early registration of $1,500,000 of preferred stock. **Proceeds**—To repay temporary bank loans. **Underwriters**—May be Hornblower & Weeks, New York; William R. Staats & Co., Los Angeles, Calif.; and First California Co., San Francisco, Calif.

Southern Pacific Co. (4/1)
Bids will be received up to noon (EST) on April 1 at 165 Broadway, New York, N. Y., for the purchase from the company of $7,620,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southwestern Electric Power Co. (5/12)
Jan. 26 it was reported that this company (formerly Southwestern Gas & Electric Co.) plans the issuance and sale of about $16,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co. Inc. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 12.

Spector Freight System, Inc.
Feb. 16 this company sought ICC approval for issuance of 200,000 shares of class A common stock (par $1), of which 60,000 shares will be sold for the account of selling stockholders **Proceeds** — To pay outstanding loans and for additional working capital. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill.

★ **Teleflex Ltd., Toronto, Canada**
March 24, R. C. Dobson, President, announced that the company plans to raise approximately $1,000,000 in the near future, partially through debt financing and partially through the sale of additional common stock. **Underwriter** — To be named later. **Registration** — Expected about May 1.

Texas & Pacific Ry. (3/26)
Bids will be received by the company up to noon (CST) on March 26 at Texas & Pacific Bldg., Dallas 2, Texas, for the purchase from it of $3,000,000 series T equipment trust certificates maturing from April 1, 1960 to 1969. Probable bidders—Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● **Union Bank, Los Angeles, Calif.**
March 19 this bank offered 70,028 additional shares of capital stock (par $10) to its stockholders of record March 18, 1959, on the basis of one new share for each 12 shares then held; rights to expire on April 8. **Price**—$59.50 per share. **Proceeds**—to increase capital and surplus. **Underwriters**—Blyth & Co., Inc., and Stern, Frank, Meyer & Fox, both of Los Angeles, Calif.

Union Electric Co. (Mo.)
Feb. 23, J. W. McAfee, President, stated that the company plans to sell about $30,000,000 of additional common stock later this year through rights to common stockholders. **Proceeds**—For expansion program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Lehman Brothers; White, Weld & Co., and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc. **Offering**—Expected toward the end of the second or third quarter of 1959.

United States National Bank, Portland, Ore.
Feb. 27 it was reported that this bank plans to issue an additional 23,000 shares of common stock on the basis of one new share for each 49 shares held as of March 26, 1959; rights to expire on April 15, 1959. **Price**—$50 per share. **Proceeds**—To increase capital and surplus.

Virginia Electric & Power Co. (6/2)
Feb. 21 it was announced that the company plans to offer an additional 710,000 shares of common stock to be offered for subscription by stockholders of record on or about June 2, 1959, on the basis of one new share for each 20 shares then held. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp. **Bids**—Expected to be received on June 2.

● **Washington Gas Light Co. (4/27)**
March 23 it was reported that the company now plans to offer and sell $10,000,000 of new convertible preferred stock, first to common stockholders of record on or about April 27, 1959. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

West Penn Power Co. (5/25)
March 10 it was reported the company contemplates the issue and sale of about $14,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to noon (EST) on May 25 at office of West Penn Electric Co., 50 Broad St., New York, N. Y.

Worth Fund, Inc.
Feb. 13 it was reported that the Fund was planning the sale of about $5,000,000 of common stock. **Price**—Around $14.25 per share. **Underwriters**—Blair & Co. Inc. and G. H. Walker & Co., both of New York. **Offering**—Indefinitely postponed.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Mar. 29	§92.8	*92.9	88.5	50.6
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 29	§2,627,000	*2,631,000	2,506,000	1,366,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 13	7,127,270	7,212,920	7,154,820	6,256,985
Crude runs to stills—daily average (bbls.)	Mar. 13	¶8,293,000	8,207,000	7,954,000	7,479,000
Gasoline output (bbls.)	Mar 13	28,332,000	27,461,000	26,762,000	25,647,000
Kerosene output (bbls.)	Mar 13	2,315,000	2,393,000	2,952,000	2,693,000
Distillate fuel oil output (bbls.)	Mar. 13	14,189,000	15,103,000	15,420,000	11,891,000
Residual fuel oil output (bbls.)	Mar. 13	7,334,000	7,500,000	7,354,000	7,161,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 13	210,290,000	207,615,000	200,120,000	216,525,000
Kerosene (bbls.) at	Mar. 13	18,988,000	18,965,000	19,953,000	17,459,000
Distillate fuel oil (bbls.) at	Mar. 13	78,876,000	80,616,000	88,255,000	81,853,000
Residual fuel oil (bbls.) at	Mar. 13	55,010,000	54,835,000	55,646,000	55,061,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar 14	595,302	595,930	567,134	539,127
Revenue freight received from connections (no. of cars)	Mar. 14	564,102	578,825	543,395	529,198
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 19	$393,700,000	$372,100,000	$398,333,000	$278,262,000
Private construction	Mar. 19	225,300,000	202,200,000	211,894,000	132,318,000
Public construction	Mar. 19	168,400,000	169,900,000	186,439,000	145,944,000
State and municipal	Mar. 19	129,400,000	144,800,000	138,189,000	113,411,000
Federal	Mar. 19	39,000,000	25,100,000	48,250,000	32,533,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 14	7,625,000	7,715,000	8,175,000	7,792,000
Pennsylvania anthracite (tons)	Mar. 14	374,000	394,000	366,000	322,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 14	124	118	111	114
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 21	12,900,000	12,996,000	13,259,000	11,756,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 19	292	311	310	357
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 17	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	Mar. 17	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Mar 17	$40.83	$41.17	$43.83	$36.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 18	31.350c	31.100c	29.650c	23.550c
Export refinery at	Mar. 18	31.300c	30.525c	28.800c	20.850c
Lead (New York) at	Mar. 18	11.500c	11.500c	11.500c	13.000c
Lead (St. Louis) at	Mar. 18	11.300c	11.300c	11.300c	12.800c
‡Zinc (delivered) at	Mar. 18	11.500c	11.500c	12.000c	10.500c
Zinc (East St. Louis) at	Mar. 18	11.000c	11.000c	11.500c	10.000c
Aluminum (primary pig. 99.5%) at	Mar. 18	24.700c	24.700c	24.700c	26.000c
Straits tin (New York) at	Mar. 18	103.375c	103.500c	102.750c	94.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar 24	85.63	85.65	86.29	94.61
Average corporate	Mar. 24	90.06	90.06	90.06	95.32
Aaa	Mar. 24	93.97	94.12	94.12	101.80
Aa	Mar. 24	92.35	92.50	92.79	99.36
A	Mar 24	90.06	90.06	90.06	95.16
Baa	Mar 24	84.43	84.04	83.66	86.24
Railroad Group	Mar. 24	88.54	88.67	89.23	91.19
Public Utilities Group	Mar. 24	89.78	89.92	89.64	96.85
Industrials Group	Mar 24	92.06	91.77	91.34	98.25
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 24	3.89	3.89	3.80	2.96
Average corporate	Mar. 24	4.41	4.41	4.41	4.05
Aaa	Mar. 24	4.14	4.13	4.13	3.64
Aa	Mar. 24	4.25	4.24	4.22	3.79
A	Mar. 24	4.41	4.41	4.41	4.06
Baa	Mar. 24	4.83	4.86	4.89	4.69
Railroad Group	Mar 24	4.52	4.51	4.47	4.33
Public Utilities Group	Mar. 24	4.43	4.42	4.44	3.95
Industrials Group	Mar. 24	4.27	4.29	4.32	3.86
MOODY'S COMMODITY INDEX	Mar. 24	388.8	388.1	382.5	399.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 14	305,979	369,514	289,084	249,513
Production (tons)	Mar 14	367,440	315,717	310,348	272,450
Percentage of activity	Mar. 14	93	86	94	88
Unfilled orders (tons) at end of period	Mar. 14	470,191	474,212	409,012	393,182
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar 20	110.58	110.56	110.70	109.76
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 28	2,312,580	2,613,450	2,770,520	1,060,210
Short sales	Feb. 28	467,780	432,080	409,290	247,030
Other sales	Feb. 28	1,990,660	2,121,280	2,365,440	779,330
Total sales	Feb. 28	2,458,440	2,553,360	2,774,730	1,026,360
Other transactions initiated on the floor—					
Total purchases	Feb. 28	450,620	582,430	542,440	278,400
Short sales	Feb. 28	65,700	60,000	44,600	29,100
Other sales	Feb. 28	413,720	465,700	524,180	219,350
Total sales	Feb. 28	479,420	525,700	568,780	248,450
Other transactions initiated off the floor—					
Total purchases	Feb. 28	587,170	763,435	770,670	337,350
Short sales	Feb. 28	128,670	139,270	106,770	94,360
Other sales	Feb. 28	690,395	796,565	964,226	388,815
Total sales	Feb. 28	819,065	935,835	1,070,996	483,175
Total round-lot transactions for account of members—					
Total purchases	Feb. 28	3,350,370	3,959,365	4,083,630	1,675,960
Short sales	Feb. 28	662,150	631,350	560,660	370,490
Other sales	Feb 28	3,094,775	3,383,545	3,853,866	1,387,495
Total sales	Feb. 28	3,756,925	4,014,895	4,414,506	1,757,985
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECUURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Feb. 28	1,885,697	1,939,608	2,019,354	933,532
Dollar value	Feb. 28	$97,385,106	$99,429,957	$102,617,671	$40,936,390
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 28	1,643,706	1,683,681	1,715,674	799,683
Customers' short sales	Feb. 28	11,127	8,545	7,136	22,443
Customers' other sales	Feb 28	1,632,639	1,675,136	1,708,538	777,240
Dollar value	Feb. 28	$84,969,399	$81,199,968	$86,131,861	$33,864,833
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 28	429,040	440,080	466,120	236,360
Short sales	Feb 28	------	------	------	------
Other sales	Feb. 28	429,040	440,080	466,120	236,360
Round-lot purchases by dealers—					
Number of shares	Feb. 28	627,700	734,768	744,010	364,360
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Feb. 28	831,480	740,140	697,830	693,290
Other sales	Feb. 28	16,482,230	18,586,090	19,323,890	8,379,320
Total sales	Feb. 28	17,313,710	19,326,250	20,021,720	9,072,610
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar 17	119.4	*119.3	119.4	119.6
Farm products	Mar. 17	91.2	*90.5	91.0	99.8
Processed foods	Mar. 17	107.2	*107.2	107.8	109.9
Meats	Mar 17	99.0	99.3	100.1	106.1
All commodities other than farm and foods	Mar. 17	127.8	*127.7	127.6	125.9

*Revised figure. ¶Includes 1,067,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28:			
Imports	$274,669,000	$250,974,000	$261,285,000
Exports	338,711,000	345,691,000	446,690,000
Domestic shipments	12,576,000	13,015,000	11,501,000
Domestic warehouse credits	170,631,000	155,009,000	468,885,000
Dollar exchange	111,870,000	118,270,000	110,250,000
Based on goods stored and shipped between foreign countries	252,412,000	249,694,000	224,156,000
Total	1,160,869,000	1,132,653,000	1,522,767,000
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE — Month of February (000's omitted)	$387,000	$873,700	$376,400
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28 (000's omitted)	$897,000	$875,000	$776,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Jan. 31:			
Total consumer credit	$44,415	$45,065	$43,904
Instalment credit	33,768	33,865	33,713
Automobile	14,155	14,131	15,235
Other consumer goods	8,881	9,007	8,495
Repairs and modernization loans	2,125	2,145	2,069
Personal loans	8,607	8,582	7,914
Noninstalment credit	10,647	11,200	10,191
Single payment loans	3,464	3,543	3,386
Charge accounts	4,504	5,018	4,290
Service credit	2,679	2,639	2,515
CONSUMER PRICE INDEX — 1947-49 = 100—Month of January:			
All items	123.8	123.7	122.3
Food	119.0	118.7	118.2
Food at home	117.1	116.8	116.7
Cereal and bakery products	133.9	134.0	132.5
Meats, poultry and fish	113.8	113.0	110.2
Dairy products	114.1	114.3	114.6
Fruits and vegetables	121.7	120.1	121.9
Other foods at home	109.9	110.7	113.1
Food away from home (Jan. 1953 = 100)	114.0	113.6	------
Housing	128.2	128.2	127.1
Rent	138.8	138.7	136.8
Gas and electricity	118.2	118.2	115.7
Solid fuels and fuel oil	138.9	137.0	138.4
Housefurnishings	103.2	103.6	104.2
Household operation	133.1	132.8	129.7
Apparel	106.7	107.5	106.9
Men's and boys'	108.0	108.4	108.0
Women's and girls'	98.7	100.2	98.8
Footwear	130.8	130.4	129.3
Other apparel	91.7	92.3	91.9
Transportation	144.1	144.3	138.7
Public	191.8	191.8	182.4
Private	133.1	133.3	128.4
Medical care	147.6	147.3	141.7
Personal care	129.4	129.0	127.8
Reading and recreation	117.0	116.9	116.6
Other goods and services	127.3	127.3	127.0
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of January:			
Cotton Seed—			
Received at mills (tons)	147,400	541,700	272,511
Crushed (tons)	569,800	562,900	521,545
Stocks (tons) Jan. 31	1,507,400	1,929,900	1,367,412
Cake and Meal—			
Stocks (tons) Jan. 31	79,600	78,500	241,455
Produced (tons)	262,100	267,200	238,031
Shipped (tons)	261,000	295,500	242,917
Hulls—			
Stocks (tons) Jan. 31	112,400	112,400	123,746
Produced (tons)	130,100	132,000	122,326
Shipped (tons)	130,100	141,100	107,924
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of Feb.	£46,336,000	£41,388,000	£70,494,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of January in billions:			
Total personal income	$362.3	*$359.9	*$348.8
Wage and salary receipts, total	244.5	*243.3	237.3
Commodity producing industries	101.4	*101.0	99.8
Manufacturing only	80.1	79.9	78.6
Distributing industries	64.6	64.2	63.7
Service industries	34.4	34.3	33.2
Government	44.1	*43.9	40.6
Other labor income	9.4	9.3	9.2
Business and professional	32.3	*32.0	31.2
Farm	13.3	*13.5	11.8
Rental income of persons	12.4	*12.4	12.2
Dividends	12.5	10.6	10.8
Personal interest income	19.6	19.6	19.2
Transfer payments	26.0	*26.0	23.3
Less employees' contribution for social insurance	7.6	6.8	6.6
Total nonagricultural income	345.1	*342.4	333.0
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of December:			
Net railway operating income	$77,599,874	$80,186,629	$59,632,070
Other income	60,987,252	24,326,454	56,726,178
Total income	138,587,126	104,513,083	116,358,248
Miscellaneous deductions from income	10,904,981	5,481,389	6,079,632
Income available for fixed charges	127,682,145	99,031,694	110,278,616
Income after fixed charges	96,141,650	67,265,749	79,622,869
Other deductions	7,716,409	4,177,204	4,282,188
Net income	88,425,241	63,088,545	75,340,681
Depreciation (way & structure & equipment)	50,634,888	50,028,809	48,277,237
Federal income taxes	22,278,634	23,634,972	431,687
Dividend appropriations:			
On common stock	62,604,437	64,979,989	24,154,501
On preferred stock	681,360	6,563,992	1,496,302
Ratio of income to fixed charges	4.05	3.12	3.60
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of February:			
Net sales	------	------	$155,900,000
Net purchases	$22,992,650	$14,138,000	------
U. S. GOVT. STATUTORY DEBT LIMITATION —As of Feb. 28 (000's omitted):			
Total face amount that may be outstanding at any time	$288,000,000	$288,000,000	$280,000,000
Outstanding—			
Total gross public debt	285,103,661	285,801,183	274,678,784
Guaranteed obligations not owned by the Treasury	112,308	105,713	102,764
Total gross public debt and guaranteed obligations	$285,215,969	$285,906,727	$274,781,548
Deduct—other outstanding public debt obligations not subject to debt limitation	422,602	423,058	435,205
Grand total outstanding	$284,793,367	$285,483,669	$274,346,343
Balance face amount of obligations, issuable under above authority	$3,206,632	$2,516,330	$5,653,656

McDonald Co. to Admit

CANTON, Ohio — Dean G. Lauritzen will be admitted to partnership in McDonald & Company on April 1 and will make his headquarters at the Canton office in the First National Bank Building.

Forms Nassau Securities

FRANKLIN SQUARE, N. Y.—Irving Garber is engaging in a securities business from offices at 547 Hewlett Street under the firm name of Nassau Securities Service.

Mutual Funds

By ROBERT R. RICH

Colleges Maintain Substantial Stock Holdings

While some slight reductions have been made in common stock holdings, the managers of the nation's leading college and university endowment funds are continuing to maintain substantial investments in equities.

This was revealed in a study of 68 prominent college endowment funds by Boston Fund, one of the largest mutual investment companies in the U. S. The report disclosed that some $1.7 billion of the combined endowment money of more than $3.4 billion was in common stock at the fiscal year end of the respective colleges in 1958. This represents 51.7% of the total.

The remainder of the combined endowments was split up this way: bonds and cash made up 31.4%; preferred stocks, 4.1%; real estate and mortgages, 6.8%; and other forms of investment 2.9%.

Henry T. Vance, President of the $200 million mutual fund, said, "We are pleased to make available the results of our reseach in this highly interesting field. Our management is constantly at work obtaining data on new developments in institutional investing as Boston Fund follows much the same concept of balanced investing as many college endowment, trust and other institutional funds."

Looking at the 10 favorite stocks of U. S. colleges, the study showed that Standard Oil Company (New Jersey) continues as the most popular common holding.

The survey reported that 60 out of the 68 college portfolios, with total value in excess of $3 billion, held Jersey Standard issues. Other stocks among the top 10 include: Texas Company, Eastman Kodak Company, General Electric, Standard Oil (California), Gulf Oil, General Motors, Christiana Securities, duPont (E. I.) deNemours, and International Business Machines.

Five of these issues, the analysis disclosed, are also included in a list of the 10 stocks most widely held by some 250 investment companies with investable assets of about $13 billion. U. S. Steel, Amerada Petroleum, Bethlehem Steel, International Paper and Royal Dutch Petroleum are held in the investment company portfolios in place of: Eastman Kodak, General Electric, General Motors, Christiana and duPont.

The new Boston Fund survey includes college endowments ranging in size from Harvard's $535 million down to Bates' $4 million. Among the larger endowments are those of Yale, University of Chicago, M. I. T., University of Rochester, Northwestern, Princeton, University of California and Cornell.

Also included in the new report are the college endowment funds of two Canadian universities — McGill at Montreal and Queen's at Kingston, Ontario.

An examination of the common stock diversification of 14 institutions with endowments of $1.1 billion reveals that industrial stocks were far and away the most favorite holding. Petroleum issues topped the list with Jersey Standard and Texas in all 14 portfolios. Gulf, California Standard and Socony also were popular with the fund managers.

In the other groups, Consumers Power and Commonwealth Edison were tops among the public utilities, Bankers Trust among the banks, Insurance Company of North America among the insurance companies and Union Pacific among the railroads.

Int'l Resources Cites Price Gains In Leading Metals

Net assets of International Resources Fund increased to $19,093,859 from $18,828,728 during the three-months period ended February 28, 1959, it was stated by President Coleman W. Morton in his quarterly report to the shareholders. Net asset value per share increased during the period to $4.29 from $4.09.

The continuing recovery of the U. S. economy, witnessed in the past three months, has resulted in greater demand for industrial raw materials, Mr. Morton told the shareholders. "Prices of certain metals, such as copper, tin, and platinum have risen with the improvement in demand," he said. "For nearly all categories of natural resource producers, the outlook is for higher earnings in 1959 than in 1958."

The growing prosperity of the important segment of the Free World economy which makes up the developing European Common Market should create an ever larger demand for raw materials. Equally important, investor attention both here and abroad is being focused upon the securities of those companies whose fortunes are closely linked to the European market, the report stated.

In addition to several stocks of major companies which appear likely to benefit from the growing European Common Market, new names appearing in the International Resources Fund portfolio during the quarter included Union Oil Company of California, Arkansas Lousiana Gas, Truax-Traer Coal, Mt. Isa Mines, Limited, Cerro de Pasco, Atlas Steels Limited, and National Research Corporation.

SEC Obtains Control Over Variable Annuities

On March 23 the United States Supreme Court ruled that life insurance companies which sell variable annuity contracts are subject to regulation by the Securities and Exchange Commission.

A certain percentage of the life insurance companies for nearly a decade have been endeavoring to receive authorization to sell variable annuities. Since each insurance company is state regulated, this new ruling will mean that there will be state as well as Federal regulation over the functions of insurance companies on variable annuities.

The reason why the SEC, the National Association of Security Dealers, the National Association of Investment Companies, both New York Exchanges and many others in the financial field pressed for a high court decision on the question of the variable annuity, has been their contention that this type of annuity is a hybrid security and should be under the same Federal regulation as all other types of securities.

The mutual fund industry has long viewed the variable annuity as a duplication of the function which they themselves have been created to perform. Thus, the industry is elated to note that their possible competitors will have to abide by the same Federal regulations as they have had to do heretofore.

Two of the most important reasons why the insurance companies have been advocating state approval through passage of legislation on this subject have been the tremendous growth of the mutual fund industry and the hedge which this type of policy would give their policyholders on inflation.

The variable annuity differs from the fixed annuities in that the payments to the policyholders are not guaranteed for fixed amounts but fluctuate with the life insurance companies' success in investing in common stocks.

Especially in the last few years, life insurance salesmen have been prone to sell mutual funds at the same time that they sell life insurance. Thus, there will be a certain number of salesmen who will be able to sell both regular insurance as well as the variable annuity, thus reducing mutual fund representation with many likely prospects.

It remains to be seen on a long term basis whether this high court ruling will be a victory for the mutual fund industry of the insurance industry. Prudential Insurance Co. of America, a leading advocate of the sale of variable annuities, maintains that this decision has paved the way for action by the New Jersey Legislature to legalize the sale of variable annuities. How many other states will follow suit due to the Supreme Court decision to follow similar action is a matter which only time will tell.

Boston Income Fund Reaches New Highs

The Income Fund of Boston, Inc. on March 25 released its Annual Report for the fiscal year ended Jan. 31, 1959, from which the following is gleaned:

(1) Total dividends of 44¢ during the fiscal year represent an income return of 5.45% (44¢ divided by the average offering price during the fiscal year of $8.07).

(2) Total assets of the Fund on Jan. 31, 1959, were $33,697,113, the highest in the history of the Fund and an increase of 73.8% over the total assets of $19,389,469 on Jan. 31 a year ago.

(3) The net asset value per share increased from $6.87 on Jan. 31, 1958 to $8.59 on Jan. 31, 1959, an increase of 26.49% adjusted for the capital gains distribution paid during the year.

(4) Each share of the Fund with a net asset value of $7.625 on Feb. 8, 1955 has now paid $1.944 in cash dividends from net investment income to Feb. 27, 1959.

(5) In addition, during this same period, each share of the Fund has also paid to shareholders a total of 49.16¢ per share from net realized capital gains.

New Acquisition By Lehman Corp.

Lehman Corporation has acquired all of the net assets of Peacock Corporation, amounting to $11,797,487 in exchange for 390,516 shares of its capital stock. The assets of Peacock Corporation, a family holding company, consisted principally of a diversified list of common stocks.

The total net assets of Lehman Corporation, after the acquisition, amounted to approximately $304,000,000.

At the recent annual meeting, the stockholders of the corporation were told by President Robert Lehman that the big closed-end investment company was interested in increasing its capital by acquiring additional personal holding companies. It was further stated that there was nothing definite in regard to new acquisitions at this time.

In regard to portfolio changes, a spokesman for the corporation stated that there had been no substantial changes since the start of 1959. The percentage of common stock holdings was about the same as at the end of 1958, namely 96½%.

Keystone B-3 Set 20-Year Record In Inc. Payments

Keystone Low-Priced Bond Fund B-3 increased its income payments and showed an 8% gain in capital value for the last two fiscal half-years, according to the semi-annual report for the period ended Jan. 31. Keystone B-3 paid 46¢ for the last half of fiscal 1958, 45¢ for the first half of fiscal 1959. The 91-cent total for 12 months was the largest, after adjusting for capital gains distributions, in the last twenty years. For the comparable preceding 12-month period, the payment was 88¢.

On the basis of the offering price at the end of the period, Keystone B-3 showed a current income return of better than 5% on a diversified portfolio that included 62 bonds in the railroad, utility, industrial and foreign categories.

Keystone President S. L. Sholley, in his report to the Fund's 18,764 shareholders, attributes the performance to the continued strength and breadth of the business recovery and to portfolio changes designed to improve income without undue risk to capital. He, "Some of the lower-yielding utility and foreign issues in the portfolio—which had served their purpose by holding up well pricewise during the 1955-57 decline in bond prices — were replaced by higher yielding bonds. Many of these acquisitions were railroad issues bought early in the year when they were available at unusually advantageous yields."

Keystone increased its rail holdings by about 3%, with this category accounting for approximately 50% of the total net assets of $47,588,104 as of Jan. 31, 1959. Industrials were boosted about 2% while corresponding adjust-

ments were made among the utilities and foreigns.

In the semi-annual report, it was noted that the number of shares outstanding decreased slightly as of Jan. 31 to 2,898,678 as against 2,912,546 a year earlier. In addition, the number of shareholders also decreased to 18,764 from a year ago of 19,357. However, there was an increase in the net asset value per share which rose to $16.42 from $15.21 in Jan. of 1957.

Devens Looks for Good Business During 1959 & 1960

Prosperity for 1959 and 1960 was forecast by Charles Devens, President of Incorporated Investors, at the Fund's 33rd annual meeting held in Boston. "As a result of the boom in the steel industry and the recovery in automobile profits corporate earnings and dividends, too, could reach new highs in the current year," he told stockholders. "The first and second quarter may show greater earnings on the Dow-Jones Industrial Average than at any time during its history." He emphasized, however, that "there is no doubt that the market is now at a level which places a greater premium on selectivity and diversification than for many years in the past."

"We believe that the Gross National Product will be at the rate of $470,000,000 during 1959," Mr. Devens said. "The fourth quarter should be the best of the year at $480,000,000 as compared with $460,000,000 during the first quarter."

"We must depend on consumer spending from wage increases to furnish the major stimulus to the economy. Consumer spending will also encourage managements to spend more money on plant and equipment," Mr. Devens told stockholders, adding that "little increased stimulus to the economy can be expected to come from government spending."

Pointing to the record of Incorporated Investors during 1958, Mr. Devens noted an increase in the per share net asset value of the Fund from $7.01 to $9.69, an increase of 42% after adjusting for the capital gain distribution of $0.27. During the year, total assets of the Fund increased from $210,000,000 to $307,000,000 while shares outstanding increased from 30 million to 31.7 million. At the year end stockholders numbered 66,000.

General Sales Corp. Common Stock Offered

A public offering of 120,000 shares of common stock (par 50 cents) of General Sales Corp. is being made by Ross Securities, Inc., of New York City, at $2.50 per share, on a best efforts basis.

The net proceeds from this financing will be used for expenses of remodelling enlarged sales area to provide a discount supermarket for the General Sales Division; purchases of additional inventory; expenses of preparation and distribution of mail order catalogue for the American Buyers' Club, and establishment of mail order division; purchase of mailing lists, mailing equipment and facilities; and additions to working capital.

The company was organized in Nevada on Aug. 26, 1958. Its principal office is located at 1105 N. E. Broadway, Portland, Ore. The company is the successor to a sole proprietorship which has been owned and operated by Herman Goldberg for one year prior to the incorporation of the present company. The company is engaged in retail discount merchandising in the Pacific Northwest through the operation of the following sales divisions: General Sales Co.—a discount house located in Portland, Ore.; Associated Northwest Employees—a buying service operated for the benefit of Federal Government employees residing in the Pacific, Northwest; and American Buyers' Club — a buyer's service available to the general public. The company intends to expand A. B. C. operations to include a mail order direct purchase program.

Townsend Buys 24% Interest in Hugh W. Long Co.

The Townsend Investment Company on March 23 announced further extension of its interests in the mutual fund management field through a contract to purchase 120,000 shares of the Class B non-voting stock of Hugh W. Long and Co., Inc. of Elizabeth, New Jersey. Terms of the transaction were not disclosed.

The Long company and its wholly-owned subsidiary, Investors Management Company, serve as national underwriter and investment advisor respectively of Fudamental Investors, Diversified Investment Fund and Diversified Growth Stock Fund, investment companies with assets in excess of $675,000,000, fourth largest in the industry. Investors Management Company was established in 1924. Its business consists exclusively of rendering research and advisory services to investment companies.

According to Clinton Davidson, Chairman of the board and Raymond E. Hartz, Chairman of the Executive Committee, of Townsend Investment Company, "The interest in the Long organization was acquired because its record in raising and managing capital has been outstanding, its administrative procedures are well organized and its personnel structure provides assurance of continuity as an institution.

"In our opinion," they said, "it has an exceptional growth potential. Although our holdings represent approximately 24% of the stock of the company, our interest is solely that of an investor and we will not participate in the management of the company nor have representation on the boards of any of the companies in the Long group."

Buy Two Radio Stations

Pat Boone, the singing star, with Townsend Investment Company, has bought two radio stations, one in the Fort Worth—Dallas, Texas, area and one in Nashville, Tenn.

The resident management that has made the stations successful will be retained in each instance.

The seller of the stations is John W. Kluge, Chairman of the Board, Metropolitan Broadcasting Corporation of New York, who is an investor with broad interests in the food, printing and realty field. The sum involved is $1,000,000, the principals said. The terms were not disclosed.

Earlier this month Mr. Boone joined the advisory board of Townsend U. S. and International Growth Fund, a major mutual fund. Out of this association came the decision for Townsend Investment Company and Boone to buy the two radio stations.

Now With Loewi & Co.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—James F. Kieckhefer has become associated with Loewi & Co. Incorporated, 225 East Mason Street, members of the New York and Midwest Stock Exchanges. Mr. Kieckhefer was formerly with Goldman, Sachs & Co. in Chicago.

Our Reporter's Report

The secondary investment market these days is feeling the effect of a veritable dearth of interest on the part of life insurance companies which normally provide a major part of the overall picture.

These big companies, judging by reports in the market place, are disposed to lean back and wait for the tax picture to unfold in Washington. Hearings are underway on a bill which would, if passed, change their tax status considerably.

In these circumstances the life company portfolio men, it is said, cannot figure just how they would fare in taking a profit or a loss. Until the air is cleared the portion of such gain or loss that could be charged off is not definitely known.

But through all this, plus the decision of the Treasury to market $500 million of 10-year bonds as a part of its cash raising operation, the market has continued to give a good account of itself.

There has been some shading of values and corresponding upward adjustment of yields in the high-grade list, but these have not been too marked or widespread.

The fact remains that money continues to pile up and some of it must be put to work regardless of the unknown quantities that may exist. Demand of this kind has been sufficient to keep things pretty much on an even keel.

The underwriting fraternity was pleasantly surprised by the reception accorded new issues of Cleveland Electric and Montana Power Co. this week. Bidding for both proved quite brisk.

And although there was nothing approaching the "out-the-window" demand, inquiry turned out to be better than had been anticipated in most quarters after the bidding was over and the reoffering bases fixed.

Cleveland Electric Illuminating Co.'s new 4⅜s were priced to yield 4.285% and Montana Power's 4½s carried a tag which returned the buyer a yield of 4.43%.

Next week finds the new issue schedule pretty evenly divided between debt offerings and equities with one of the largest taking the form of a secondary of 2,000,000 shares of Ford Motor Co. stock by the Ford Foundation.

Tuesday brings up for bids 300,000 common shares of California Electric Power Co. and on Wednesday bankers will bid for the "standby" privilege on Columbia Gas System's offering to stockholders of 1,799,057 shares of common.

Fixed Term Issues

Armco Steel Co.'s $75 million of new debentures, due on the market next Wednesday provided there is no change in plans, will provide next week's largest single undertaking.

It will be preceded by bidding, on Monday, for $25 million of bonds of the Ohio Power Co., and on Tuesday for $16 million bonds of the Monongahela Power Co.

Thursday rounds out this part of the calendar when bids will be opened for $7 million of bonds of tthe Gulf Power Co.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Because of the growing use of fresh water in this country in the ever-rising standard of living, Congress seven years ago enacted a Saline Water Conversion Act.

Although it made no headlines, the Congressional action was highly important. With the water table dropping continuously, the importance of that statute grows. If the standard of living is to continue to rise in the decades ahead, there must be more fresh water.

Today the Office of Saline Water has a tremendous research program under way. It is being accelerated. Experimental plants are being established in an effort to find an inexpensive way to desalt sea and brackish water into fresh water.

Some progress is being made. This should be favorable news to great metropolitan areas like New York and Los Angeles and many others, that already have acute water problems.

For 200 or 300 years or more man has been hopeful of finding an economical way of desalting sea water. Great results have already been chalked up, and the cost of conversion is gradually coming down. But scientists and engineers still have a long way to go.

Cost Still Too High

Secretary of Interior Fred A. Seaton says the day scientists achieve a "break through" and the cost of conversion is brought down to 60 cents or 50 or 40 cents per 1,000 gallons, the announcement will be front-paged with headlines all over the country.

Conversion plants can now distill fresh water for a little under $1 for each 1,000 gallons. The cost is still too high for municipalities and industries to afford. But the day is coming when numerous cities will use converted water from the sea and briny lakes.

More than 25 laboratory investigations are currently being conducted under a coordinated campaign directed by the Department of Interior. This country is cooperating with countries overseas. Government agencies and private industries are researching the salt-water conversion methods.

The other day, for instance, Secretary Seaton, a Lincoln, Neb., newspaper publisher in private life, issued through his office a routine news handout. On its face it was strictly perfunctory, but it was important in the overall research program.

The Cabinet Officer announced completion of an experimental dee-basin solar still for sea water conversion. This is the first of three solar stills that will be tested and developed by the Battelle Memorial Institute of Columbus, Ohio, at a seashore solar research site near Port Orange, Fla.

Distillation by means of solar heat has the advantage of eliminating the cost of the fuel energy otherwise required. Other costs, such as cost of equipment and operating costs including amortization of plant investment, must be considered in computing the total cost of conversion, Mr. Seaton explains.

"At the present time," said the Secretary, "it appears that the best chance for expanded use of solar stills for conversion of sea or brackish water are in isolated areas and in certain arid regions where solar intensities are high, and where conventional fuels are expensive."

Members of Congress, some scientists and others have suggested to the Office of Saline Water, which is under Interior, that nuclear power plants be set up as a means of cutting the cost of conversion. However, authorities at the Interior Department maintain that the cost of electrical power or nuclear energy will have to be brought down first. In other words the cost of atomic energy will have to be competitive with the fossil fuels, or below present production costs before it could be used on a large scale.

duPont's Contribution

E. I duPont de Nemours and Company, in a cooperative agreement with Interior, has provided the basic designs and plastic materials for the two shallow basin stills for the Port Orange, Fla., solar station. The still consists of black-bottomed basins with transparent covers. The vapor, produced from sea water in the bottom of the basins, condenses on the inside of the transparent cover and runs down to channels at the edge of the basin for collection. The three stills are expected to produce a total of 500 gallons of fresh water each day. The research station is located about 15 miles below Daytona Beach, Fla.

In the final days of the 1958 session, Congress authorized the spending of $10,000,000 for five additional experimental plants.

Rapid Progress Achieved

There is no doubt that the world has moved faster in the fresh water conversion research during the past 10 years than in all preceding human history. The year 1958 was an important one. A South African plant began converting more than 3,000,000 gallons a day of brackish water into fresh water. An entire community — Coalings, Calif.—began to obtain its water supply from brackish pools underground for the first time in American history.

The men abroad the atomic submarine Nautilus and Skate on their historic voyages under the polar ice caps got their drinking and cooking water from the sea. Converted water is being used to produce electricity at Morro Bay, Calif.

The conversion process development program, despite the marked progress, it still in its infancy. All the research being done, including that by universities and colleges over the country, has been helpful. There is a great promise in the freezing processes. It takes less energy to freeze water, for instance, than it does to heat water.

Civilization around the world is crying for fresh water. Fresh water in the United States is the most valuable natural resource of the country. President Eisenhower intermittently has pointed out in speeches and off-the-cuff observations that our country cannot afford to waste its fresh water supply.

In recent years the Interior Department estimates that people living in thousands of communities in 46 states have known what it is like to turn the water faucet on, and have only a cough of air come out.

Spokesmen at Interior emphasize that more and more fresh water is needed for agricultural irrigation in the production of fruits and vegetables and staple crops. More water is also needed for beef cattle and other livestock.

Will Cost More

Industry no longer can count on receiving fresh water supplies in large quantities at prices presently paid by large industrial water users. Certainly the conversion of ocean water is going to cost more than the natural supply of water. All of these things will figure in the overall cost of production of goods in the future.

David S. Jenkins, Director of the Office of Saline Waters, says the salinity of the waters available for conversion varies greatly. The oceans are fairly uniform, averaging about 35,000 parts per million of dissolved salt. But in the Persian Gulf it is nearly 40,000 parts per million; in Chesapeake Bay about 15,000, and in the Baltic Sea only 7,000.

Water less salty than the oceans but with more than 1,000 parts per million is called brackish. Fresh water is commonly defined as water with less than 1,000 parts per million of dissolved salts.

What is the future of conversion? The future cost of conversion, the experts agree, is going to be cheaper within the next five or ten years. The cost is going to be brought down where municipalities and industries can afford to distill the saline water and make it fresh enough to put it in the refrigerator and drink.

Conversion of brackish waters for agricultural uses looms not far ahead. Desalting sea water is likely to have a marked effect on the arid lands of the United States. Many new communities probably will spring up in the arid and semi-arid areas of the Western part of the country.

Some economists believe that billions of dollars of new income in areas like Texas, Oklahoma, California, and New Mexico, will result from direct desaltation of sea water as production and piping costs are reduced. Certainly the significance of desalting sea water will be far greater to the future generations than it is today.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

ALWAYS IN ORBIT--OVER CANADA !

Joins J. B. Henri Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John M. Kennedy, III has joined the staff of J. B. Henri & Co., Guaranty Bank Building.

Hayden, Stone Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me.—Earl M. Plummer has been added to the staff of Hayden, Stone & Co., 477 Congress Street.

With Peters, Writer

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James D. Jones is now connected with Peters, Writer & Christensen, 724 Seventeenth Street.

N. Y. Analysts to He On Chemical Indus

More than 300 analysts wi tend a series of lectures presented by Allied Chemical poration at the invitation o Education Committee of The York Society of Security An Donald H. Randell, Comm Chairman, announced today, series on the operations of chemical industry will run March 31 through April 28 will be held at the New Chamber of Commerce, 65 Lib Street.

The program will be:

A series of lectures prese by Allied Chemical at the in tion of the Education Comm of the N. Y. Society of Sec Analysts.

Great Hall, New York Cham of Commerce, 65 Liberty St New York, N. Y.

MARCH 31

The American Chemical Indus Its History and Fundame Marketing Principles—
Walter J. Murphy, Editorial rector, American Chemical ciety Applied Publications

Definitions and Characteristic Today's Chemical Industry—
Lawrence A. Coleman, Gen Counsel, Allied Chemical C

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Research — Key Characteristi the Industry—
Dr. Maurice H. Bigelow, V President, Plastics & C Chemicals Division

Commercial Chemical Devel ment—
Douglas H. Ross, Director, Proc Development, Solvay Pro Division

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Chemical Manufacturing—
J. Steele Brown, Director Operations, General Chemi Division

Transportation—
Warren J. Sullivan, Director Traffic, Allied Chemical Co

Marketing—
William H. Winfield, Presid International Division

APRIL 21

Financing the Chemical Industr
David Climan, Staff Assistant Treasurer, Allied Chemical Co

Policies Governing Handling Financial Data—
William Warmack, Supervisor Appropriations and Spe Studies, Allied Chemical Co

APRIL 28

Varied Growth Patterns Chemical Groups—
Edward T. Dunn, Comptrolle Department, Allied Chemi Corp.

What's Ahead for the Chemi Industry—
Maurice F. Grass, Jr., Secreta Manufacturing Chemists' As ciation—

Showing of Monsanto Chemi Company's motion picture, "T World That Nature Forgot".